



VISION

A prosperous, sustainable and community-oriented city

MERA FONG CITY LOCAL MUNICIPALITY

MEDIUM TERM BUDGET 2016/2017 TO 2018/2019

MISSION

**To provide quality services to our community through
accountable governance**

ITEM: MEDIUM TERM BUDGET 2016/2017 TO 2018/2019

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1.1 Purpose

The purpose of this document is to table the 2016/17 to 2018/2019 Medium Term Budget and budget related policies for approval.

The Budget has been compiled within the framework of the MFMA, Circulars No 78 and 79 of the National Treasury and the New Municipal Budget Regulations.

Circulars No 78 and 79 provides instructions, guidance and information on crucial issues that municipalities need to consider when preparing their budgets. These issues include the local response to the global economic crisis, headline inflation forecasts, revision of rates, tariffs and other charges, transfers to municipalities, budget process and submissions, and the Municipal Budget and Reporting Regulations.

PART 1 - ANNUAL BUDGET

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Councils financial plan is essential and critical to ensure that the Council remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Councils business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong experience large changes in their equitable share allocations.

To smooth the impact of these changes and give Council time to adjust the new allocations it will be phased in over five years.

The outcome of the Valuation Appeal Board and the liquidation of Blyvooruitzicht mine had a serious effect on council's cash flow and ability to render services to the community of Merafong.

This negatively affects council's ability to reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

Council has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Council has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be

- The on-going difficulties in the national and local economy;
- The reduction in the allocation from the Division of Revenue Act in terms of equitable share and the Municipal Infrastructure Grant.
- The amendments to the mines valuations and the liquidation of Blyvooruitzicht mine.
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/17 MTREF process;
- Availability of affordable capital/borrowing as council will not be in a position to borrow additional funding.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- Producing a Balanced Budget – ensuring that the expenditure is aligned to the revenue and that the Council has sufficient cash to meet its debt obligations. Council will not be in a position to table a balance budget for the 2016/17 MTREF
- Sustainability – endure that the capital investment is within the financial capacity of Council and ensure that there is continuous investment on the infrastructure maintenance and replacement in a medium to long term period.
- Budget needs to respond to basics service delivery.
- Stabilise the balance sheet – creating cash reserves to support and improve the current ratio and future capital investment capacity. Due to the current financial position of council no cash reserves will be created.
- Stabilisation and protection of the revenue base.
- Need to produce savings to facilitate the implementation of new programmes.
- On-going costs should be funded with on-going revenues – aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained and reduce reliance on onetime funding.
- Review all Council services and programs for operational efficiencies to improve service levels and delivery / managing the cost down.
- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- With the reduction in the equitable share, the amendments to the mines valuations, and the guideline approval of electricity tariffs General Expenses and Repairs and Maintenance will have to be curtailed. No funds are available for Capital projects funded from Revenue.
- An upper limit must be set for the following items and allocations. They must be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Telephones costs.
 - The management of the fleet and usage of vehicles.
 - The management of safety clothes.
 - Furniture and Equipment
 - Computer equipment.
- The following expenditure will not be catered for due to the financial situation of council:
 - Entertainment,
 - Travel and Subsistence,
 - Attendance of Conferences,
 - Catering at meetings,
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/2017 MTREF

R thousand	Adjustment Budget 2015/16	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
Total Operating Revenue	1,178,714	1,236,819	1,280,377	1,373,912
Total Operating Expenditure	1,295,289	1,374,889	1,441,771	1,535,969
(Surplus) / Deficit for the Year	116,575	138,070	95,300	112,666
Total Capital Expenditure	216,213	151,892	96,789	114,185

Total operating revenue has increased by 4.90 per cent or R58.1 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by R43.6 and R93.5 Million respectively, equating to a total increase in revenue of R355 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R1 374.9 million and translates into a budgeted deficit of R138.million. When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by R79.6 Million or 6.1 per cent in the 2016/17 budget and increase by R66.9 and Million R94.2 Million for each of the respective outer years of the MTREF. The operating deficit for the two outer years will decrease for 2017/2018 and increase for 2018/2019. These deficits will be funded from the accumulated surpluses.

The capital budget of R151.9 Million for 2016/17 is 30 per cent less when compared to the 2015/16 Adjustment Budget. Note that the Council has reached its prudential borrowing limits and so there is no scope to increase these borrowing levels over the medium-term. With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong experience large changes in their equitable share allocations.

Municipal Infrastructure Grant also decreased over the past five years.

In addition the Mines appeal processes with reference to the new valuation roll implemented in 2012 was completed in 2014/2015. The valuation appeal board had ruled that the valuations of the mines be amended. This had serious implications for council.

The above mentioned aspects had resulted in that council's ability to render services to its community is seriously affected. Programs planned for the outer years had to be cut back and reprioritised.

1.3 Operating Revenue Framework

For Merafong City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Expenditure has been trimmed in areas that will not adversely affect service delivery, or where programmes are underperforming.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Council and continued economic development;
- Efficient revenue management, which aims to ensure a 65 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Council.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of Revenue classified by main source

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source									
Property rates	261,097	267,771	190,456	151,229	212,176	212,176	227,028	240,650	255,089
Property rates - penalties & collection charges	1,780	1,667	970	366	366	366	374	396	420
Service charges - electricity revenue	208,006	213,867	220,162	247,252	261,480	261,480	282,810	305,434	329,869
Service charges - water revenue	206,733	235,800	237,782	284,067	260,903	260,903	291,482	314,801	339,985
Service charges - sanitation revenue	22,798	25,230	26,453	35,836	38,590	38,590	43,408	46,012	48,773
Service charges - refuse revenue	34,442	38,543	51,156	54,331	54,900	54,900	59,866	63,458	67,265
Service charges - other	603	603	786	802	820	820	837	887	940
Rental of facilities and equipment	1,164	1,293	1,189	1,072	1,105	1,105	1,172	1,242	1,317
Interest earned - external investments	17,089	16,863	8,194	8,386	2,786	2,786	2,786	2,786	2,953
Interest earned - outstanding debtors	24,184	32,840	43,477	43,673	51,586	51,586	54,681	57,962	61,440
Dividends received				-	-	-			
Fines	4,245	3,365	17,109	3,726	2,838	2,838	3,008	3,189	3,380
Licences and permits	11,289	12,859	7,798	35,377	38,736	38,736	41,060	43,524	46,135
Agency services				-	-	-			
Transfers recognised - operational	318,124	345,404	311,562	183,241	231,875	231,875	206,523	176,945	191,869
Other revenue	9,095	10,816	17,388	24,924	19,769	19,769	20,955	22,213	23,545
Gains on disposal of PPE				1,783	783	783	830	880	933
Total Revenue (excluding capital transfers and contributions)	1,120,649	1,206,922	1,134,484	1,076,064	1,178,714	1,178,714	1,236,819	1,280,377	1,373,912

Table 3 Percentage growth in revenue by main revenue source

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	% Increase	2016/2017	% Increase	2017/2018	% Increase	2018/2019	% Increase
Revenue By Source								
Property rates	212,176	11.40%	227,028	7.00%	240,650	6.00%	255,089	6.00%
Property rates - penalties & collection charges	366	-62.23%	374	2.00%	396	6.00%	420	6.00%
Service charges - electricity revenue	261,480	18.77%	282,810	8.16%	305,434	8.00%	329,869	8.00%
Service charges - water revenue	260,903	9.72%	291,482	11.72%	314,801	8.00%	339,985	8.00%
Service charges - sanitation revenue	38,590	45.88%	43,408	12.48%	46,012	6.00%	48,773	6.00%
Service charges - refuse revenue	54,900	7.32%	59,866	9.04%	63,458	6.00%	67,265	6.00%
Service charges - other	820	4.33%	837	2.00%	887	6.00%	940	6.00%
Rental of facilities and equipment	1,105	-7.06%	1,172	6.00%	1,242	6.00%	1,317	6.00%
Interest earned - external investments	2,786	-66.00%	2,786	0.00%	2,786	0.00%	2,953	6.00%
Interest earned - outstanding debtors	51,586	18.65%	54,681	6.00%	57,962	6.00%	61,440	6.00%
Fines	2,838	-83.41%	3,008	6.00%	3,189	6.00%	3,380	6.00%
Licences and permits	38,736	396.72%	41,060	6.00%	43,524	6.00%	46,135	6.00%
Transfers recognised - operational	231,875	-25.58%	206,523	-10.93%	176,945	-14.32%	191,869	8.43%
Other revenue	19,769	13.70%	20,955	6.00%	22,213	6.00%	23,545	6.00%
Gains on disposal of PPE	783		830	6.00%	880	6.00%	933	6.00%
Total Revenue (excluding capital transfers and contributions)	1,178,714	3.90%	1,236,819	4.93%	1,280,377	3.52%	1,373,912	7.31%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 73 percent of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R828.4 Million or 70 per cent. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 70 per cent in 2015/16 to 73 per cent in 2016/17. This growth can be mainly attributed to the increased share that the sale of electricity and Water contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom and Rand Water tariffs for bulk electricity and Water. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Operating grants and transfers totals R206.5 million in the 2016/17 financial year and decreases to R176.9 in 2017/18 but increases to R191.9 Million by 2018/19.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong will experience large changes in their equitable share allocations. To smooth the impact of these changes and give Council time to adjust the new allocations it will be phased in over five years. Council will experience an increase in 2018/19 financial year.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

GT484 Merafong City - Supporting Table SA18 Transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Operating Transfers and Grants									
National Government:	189,696	183,579	180,467	172,625	172,625	172,625	167,301	162,473	176,847
Local Government Equitable Share	185,846	181,074	175,979	168,320	168,320	168,320	162,952	159,408	173,714
Finance Management	1,500	531	1,600	1,600	1,600	1,600	1,625	1,700	1,700
Municipal Systems Improvement	588	454	934	930	930	930	1,300	1,365	1,433
EPWP Incentive	1,762	1,520	1,954	1,775	1,775	1,775	1,424	-	-
Other transfers/grants [insert description]									
Provincial Government:	240,815	15,038	6,610	9,877	10,728	10,728	39,222	14,472	15,022
Housing	240,815	10,127					26,300		
Department of Sports, arts, culture and recreation		4,910	5,331	9,052	9,903	9,903	11,422	13,422	13,922
Agricultural and Rural Development			1,279	825	825	825			
EPWP Incentive							500		
Department of Cooperative Governance and Traditional Affairs							1,000	1,050	1,100
District Municipality:	3,086	1,457	-	1,564	1,564	1,564	-	-	-
HIV Programme	3,086	1,457		1,564	1,564	1,564			
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	433,597	200,074	187,077	184,066	184,917	184,917	206,523	176,945	191,869
Capital Transfers and Grants									
National Government:	82,743	88,732	63,929	76,008	76,008	76,008	98,283	95,300	112,666
Municipal Infrastructure Grant (MIG)	71,663	66,732	57,929	56,008	56,008	56,008	55,283	59,300	62,666
National Electrification Programme	7,400	22,000	6,000	10,000	10,000	10,000	15,000	16,000	20,000
Department of Sports, arts, culture and recreation	3,680								
Department of Water and Sanitation							8,000		
Energy Efficiency and Demand Side Management				5,000	5,000	5,000			
Municipal Water Infrastructure grant				5,000	5,000	5,000	20,000	20,000	30,000
Provincial Government:	59,999	-	91,423	-	121,786	121,786	-	-	-
Human Settlement Grant	59,999	-	91,423	-	121,786	121,786			
District Municipality:	-	-	-	-	-	-	-	-	-
water	-	-	-	-	-	-			
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	142,742	88,732	155,352	76,008	197,794	197,794	98,283	95,300	112,666
TOTAL RECEIPTS OF TRANSFERS & GRANTS	576,340	288,806	342,429	260,074	382,711	382,711	304,806	272,245	304,535

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the City.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

1.3.1 Property Rates

Property rates should cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The mines appeal processes are now completed. The valuation appeal board had ruled that that the valuations of the mines be amended. It had serious implications for council. Council is applying for a review of the outcome of the valuation Appeal Board.

Council had to urgently compile a supplementary valuation roll based on the requirements of the ruling of the Valuation Appeal Board.

The supplementary valuation roll consists of two parts namely:

- All freehold land with land values only.
- Freehold land with no SRP and buildings on top

Although the supplementary roll was done in line with the ruling of the Valuations Appeal Board the mines once again are appealing the outcome of the supplementary roll

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

The proposed incomes and rebates for pensioners for the 2016 / 2017 financial year as follows: Gross Annual Household Income 2016/2017	% Rebate
R 1 To R 72 000	100%
R 72 001 to R 76 000	75%
R 76 001 to R 80 000	50%
R 80 001 to R 84 000	25%
R 84 001 and above	0%

Table 5 Comparison of proposed rates to be levied for the 2016/17 financial year

Category	Current Tariff 2015/2016	Percentage Increase	Proposed Tariff 2016/2017
Residential	0.01214	7.08%	0.013
Industrial	0.02913	7.11%	0.0312
Business and Commercial	0.02913	7.11%	0.0312
Farms - Agriculture	0.00303	7.26%	0.00325
Mines	0.03641	7.11%	0.039
PSI	0.02913	-88.84%	0.00325

1.3.2 Sale of Electricity and Impact of Tariff Increases

National Treasury had issued a guideline tariff increase. NERSA had approved a 9.40 per cent increase in the cost of bulk purchases for the tabled 2016/17 budgets and MTREF.

Municipalities had not received the tariff guidelines from NERSA. The tariff increases are based on the tariff increase of the 9.40% increase of the bulk tariffs. The tariffs tabled below will change once council received the tariff guidelines from NERSA.

Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

Table 6 Comparison between current Electricity charges and increases.

Proposed Tariff Structure - Merafong City Local Municipality					
Tariff Category		Current	Proposed	% change	Comments
1. Domestic					
Basic Charge		64.70	69.85	7.97%	
Energy Charge	Block 1 (0 - 50kWh)	0.79	0.85	7.64%	
	Block 2 (51 - 350kWh)	1.00	1.08	7.64%	
	Block 3 (351 - 600kWh)	1.41	1.52	7.64%	
	Block 4 (above 600kWh)	1.66	1.80	8.43%	
2. Commercial					
Basic Charge		738.97	798.10	8.00%	
Energy Charge		1.38	1.49	8.00%	
*Pre-Paid		1.38	1.49	8.00%	

3. Industrial					
Basic Charge		1072.60	1158.40	8.00%	
Energy Charge		0.82	0.89	8.00%	
Demand Charge		195.00	210.60	8.00%	
3. Industrial -3%					
Basic Charge		1072.60	1158.40	8.00%	
Energy Charge - 3%		0.82	0.89	8.00%	
Demand Charge - 3%		195.00	210.60	8.00%	
Temporary Power		1.47	1.58	8.00%	
Streetlights		1.10	1.19	8.00%	
Council kWh		0.77	0.83	8.00%	
2% Surcharge					

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). NERSA further notified all stakeholder of the approved Municipal Tariff Guideline increase of 7.64% and the benchmarks for the 2016/17 financial year.

The Council had already implemented block tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. The upgrading and extension of the municipalities' electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

It needs to be mentioned in the event that NERSA approves an additional increase to Eskom that council will have to increase the tariffs to cover the additional increase

1.3.3 Sale of Water and Impact of Tariff Increases

Rand Water had advised council that they will increase their water tariffs to municipalities by 11.9% from the 1 July 2016.

Water tariffs must be on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;

Water tariffs must be structured to protect basic levels of service; and

Water tariffs must be designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

Merafong had implemented block tariffs in the past.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 7 Comparison between current Water charges and increases

		<u>2015-2016</u>	<u>2016-2017</u>	<u>Percentage increase</u>
Residential 0 – 15 kiloliters		9.20	10.30	12.00%
Residential 16-35 kiloliters		12.50	14.00	12.00%
Residential 36-50 kiloliters		18.10	20.30	12.15%
Residential 50 kiloliters and above		20.65	23.15	12.11%
			0.00	
Business and Industrial	200 Kiloliters and below	20.25	22.70	12.10%
	Above 200 Kiloliters	22.00	24.65	12.05%
			0.00	
Special Consumers (Schools, Churches and welfare organisations)	200 Kiloliters and below	15.30	17.15	12.09%
	Above 200 Kiloliters	17.20	19.25	11.92%
			0.00	
Departmental		13.50	15.10	11.85%
			0.00	
			0.00	
Mines Domestic		13.30	14.90	12.00%
Mines Operations		13.30	14.90	12.00%
			0.00	
Availability Charge	Vacant Stands - Residential	52.00	58.25	12.02%
Availability Charge	Vacant stands-business	52.00	58.25	12.02%

The tariff structure of the 2016/17 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R23.15 per kilo liter for consumption in excess of 50kl per 30 day period.

Water losses remain a serious challenge. The losses have a direct impact on council's tariffs and losses.

1.3.4 Sanitation and Impact of Tariff Increases

The proposed increase is not in-line with the guideline of 6% as the function is not cost reflective in 2016/2017.

Sanitation tariffs must be on aggregate fully cost-reflective – inclusive of the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;

Sanitation tariffs must be structured to protect basic levels of service; and Sanitation tariffs must be designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

Merafong had implemented block tariffs in the past.

The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (6 kℓ water) will be applicable to registered indigents.

Table 8 Comparison between current Sanitation charges and increases

		<u>2015-2016</u>	<u>Proposed 2016/2017</u>	<u>% Increase</u>
Residential 0 – 15 kiloliters		4.35	4.70	8.05%
Residential 16-35 kiloliters		4.40	4.75	7.95%
Residential 36-50 kiloliters		4.45	4.80	7.87%
Max 50KL		0.00		
Business and Industrial	200 Kiloliters and below	4.45	4.80	7.87%
	Above 200 Kiloliters	4.95	5.35	8.08%
Special Consumers (Schools, Churches Welfare organisations and consumers as approved by council)	200 Kiloliters and below	4.35	4.70	8.05%
	Above 200 Kiloliters	4.45	4.80	7.87%
Basic Charge (Payable by property owner)		25.00	26.90	7.60%

Basic Charge - Vacant Stands (Availability charge)		55.00	59.15	7.55%
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1.3.5 Waste Removal and impact of Tariff Increases

It's of utmost importance that refuse removal must be cost reflective. Solid waste is not cost reflective for 2016/2017.

Where this is the case, municipalities should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015.

A further aspect that has a serious influence on solid waste tariffs is the increase in fuel prices.

The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The City will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

The following table compares current waste removal fees and increases

Table 9 Comparison between current waste removal fees and increases

		<u>Proposed 2015/2016</u>	<u>Proposed 2016/2017</u>	<u>% Increase</u>
Residential and Business	1 bin/week	130.00	140.00	7.69%
Business	Bin/3 x week	332.00	365.00	10.00%
Business	Bin/5 x week	560.00	615.00	9.82%
MMH (1.75M³) 1x per week		1,610.00	1,770.00	9.94%
MMH (1.75M³) 2x per week		2,785.00	3,065.00	10.05%
MMH (1.75M³) 3x per week		3,960.00	4,355.00	9.97%
MMH (1.75M³) 5x per week				9.97%

		7,170.00	7,885.00	
Bulk container (30M³) 1x per week		22,685.00	24,950.00	9.98%
Bulk container (30M³) 2x per week		34,560.00	38,015.00	10.00%
Bulk container (30M³) 3x per week		62,381.00	68,620.00	10.00%
Bulk container (30M³) 5x per week		101,650.00	111,815.00	10.00%
Temporary service	Per Bin	60.00	66.00	10.00%
Bulky waste	Per m³	280.00	310.00	10.71%
Special Exemption	Per m³	140.00	155.00	10.71%
Garden services waste	LDV/Trailer	38.00	45.00	18.42%
Small Animal Carcasses		110.00	120.00	9.09%
Bulky garden waste	1m³ - 3m³	268.00	295.00	10.00%
Bulky garden waste	3m³ and above	535.00	590.00	10.28%
Building rubble	per m³	280.00	310.00	10.71%
240 Liter Bins	Per Month for twelve months	22.00	24.00	11.63%

1.3.6 Overall impact of Tariff increases on Households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 8.4 and 8.5 per cent.

Table 10 MBRR Table SA14 – Household bills

GT484 Merafong City - Supporting Table SA14 Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
<u>Monthly Account for Household - 'Middle Income Range'</u>										
Rates and services charges:										
Property rates	476.25	507.21	540.17	577.99	577.99	577.99		619.13	656.27	695.65
Electricity: Basic levy	48.23	52.09	56.25	64.70	64.70	64.70		70.00	75.60	81.65
Electricity: Consumption	1,041.85	1,133.57	1,217.00	1,356.00	1,356.00	1,356.00		1,467.36	1,604.34	1,732.69
Water: Basic levy										
Water: Consumption	239.15	262.63	283.50	325.50	325.50	325.50		364.56	393.72	425.22
Sanitation	128.00	136.25	145.25	131.25	131.25	131.25		141.75	150.26	159.27
Refuse removal	82.50	90.00	120.00	130.00	130.00	130.00		140.00	150.00	160.00
Other										
sub-total	2,015.98	2,181.75	2,362.17	2,585.44	2,585.44	2,585.44	8.4%	2,802.80	3,030.19	3,254.48
VAT on Services	201.50	220.93	255.08	281.04	281.04	281.04		308.25	332.35	358.24
Total large household bill:	2,217.47	2,402.68	2,617.25	2,866.48	2,866.48	2,866.48	8.5%	3,111.05	3,362.54	3,612.71
% increase/-decrease		8.4%	8.9%	9.5%	-	-		8.5%	8.1%	7.4%
<u>Monthly Account for Household - 'Affordable Range'</u>										
Rates and services charges:										
Property rates	326.25	347.46	370.04	395.94	395.94	395.94		424.13	449.57	476.55
Electricity: Basic levy	48.23	52.09	56.25	67.40	67.40	67.40		70.00	75.60	81.65
Electricity: Consumption	478.04	464.57	499.00	551.00	551.00	551.00		595.08	650.70	702.76
Water: Basic levy										
Water: Consumption	193.35	212.34	229.00	263.00	263.00	263.00		294.56	318.12	343.57
Sanitation	109.75	117.00	124.75	109.25	109.25	109.25		118.00	125.08	132.58
Refuse removal	82.50	90.00	120.00	130.00	130.00	130.00		140.00	150.00	160.00
Other										
sub-total	1,238.13	1,283.46	1,399.04	1,516.59	1,516.59	1,516.59	8.3%	1,641.77	1,769.08	1,897.11
VAT on Services	113.16	131.04	144.06	156.89	156.89	156.89		171.51	184.73	198.88
Total small household bill:	1,351.29	1,414.50	1,543.10	1,673.48	1,673.48	1,673.48	8.4%	1,813.27	1,953.81	2,095.99
% increase/-decrease		4.7%	9.1%	8.4%	-	-		8.4%	7.8%	7.3%
<u>Monthly Account for Household - 'Indigent'</u>										
<u>Household receiving free basic services</u>										
Rates and services charges:										
Property rates	176.25	187.71	199.91	213.90	213.90	213.90		229.13	242.87	257.44
Electricity: Basic levy	48.23	52.09	56.25	67.40	67.40	67.40		70.00	75.60	81.65
Electricity: Consumption	227.02	289.07	310.00	339.50	339.50	339.50		366.66	399.60	431.57
Water: Basic levy										
Water: Consumption	94.97	162.04	174.50	200.50	200.50	200.50		224.56	242.52	261.93
Sanitation	91.50	97.75	104.25	87.25	87.25	87.25		94.25	99.91	105.90
Refuse removal	82.50	90.00	120.00	130.00	130.00	130.00		140.00	150.00	160.00
Other										
sub-total	720.48	878.66	964.91	1,038.55	1,038.55	1,038.55	8.3%	1,124.60	1,210.50	1,298.49
VAT on Services	76.19	96.73	107.10	115.45	115.45	115.45		125.83	135.47	145.75
Total small household bill:	796.67	975.40	1,072.01	1,154.00	1,154.00	1,154.00	8.4%	1,250.43	1,345.97	1,444.23
% increase/-decrease		22.4%	9.9%	7.6%	-	-		8.4%	7.6%	7.3%

1.4 Operating Expenditure Framework

For Merafong City to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Expenditure has been trimmed in areas that will not adversely affect service delivery, or where programmes are underperforming.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	2012/13	2013/14	2014/15	2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2016/2017	2017/2018	2018/2019
Expenditure By Type									
Employee related costs	262,366	299,183	312,717	290,899	306,238	306,238	327,675	350,612	375,155
Remuneration of councillors	16,619	17,753	18,762	18,466	19,795	19,795	20,983	22,242	23,576
Debt impairment	188,606	126,728	250,726	96,589	298,698	298,698	335,746	360,049	385,994
Depreciation & asset impairment	28,321	33,603	48,039	32,082	29,906	29,906	28,361	28,361	28,361
Finance charges	6,993	4,452	3,819	8,459	7,200	7,200	12,400	12,400	12,400
Bulk purchases	284,452	313,927	341,599	392,390	397,887	397,887	440,188	475,403	513,435
Other materials									
Contracted services	64,748	104,897	130,540	83,533	67,608	67,608	68,960	70,339	71,746
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	235,815	336,221	224,555	152,100	167,956	167,956	140,576	122,365	125,302
Loss on disposal of PPE	1,494	703							
Total Expenditure	1,089,413	1,237,467	1,330,757	1,074,519	1,295,289	1,295,289	1,374,889	1,441,771	1,535,969
Surplus/(Deficit)	31,236	(30,545)	(196,273)	1,545	(116,575)	(116,575)	(138,070)	(161,394)	(162,058)
Transfers recognised - capital	197,235	181,626	164,661	76,008	184,648	136,535	143,332	95,300	112,666
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Taxation									
Surplus/(Deficit) after taxation	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Share of surplus/ (deficit) of associate									
Surplus/ (Deficit) for the year	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)

1.4.1 Employee Related Costs

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities were advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

The increase approved is 7% for 2016/2017

Due to the decrease in the Equitable Share and amendments to the mines valuations no provision can be made for any additional funding to fill vacant positions.

1.4.2 Councillors Remuneration

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

1.4.3 Bulk Purchases: Electricity

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of **9.40 per cent** has been approved for the 2016/17 financial year.

1.4.4 Bulk Purchases: Water

Rand Water had advised council that they will increase their water tariffs to municipalities by 11.90% from the 1 July 2016.

1.4.5 Debt Impairment

The provision of debt impairment was determined based on an annual collection rate of 65.00 per cent and the Debt Write-off Policy of Council. For the 2016/17 financial year this amount equates to R335.7 million.

The large tariff increases, and the change of the local economic conditions such as the down turn in the property market, trends in household incomes and unemployment were counterproductive, resulting in higher levels of non-payment and increased bad debts.

Council's average payment levels for the past six months were 65%.

The department had commenced with an outreach program to promote the payment of services. Council had commenced with serious credit control actions in all areas of Merafong.

A revenue enhancement strategy was developed and the roll out plan has commenced. A no tolerance approach in terms of council's credit control policy will be enforced on non-indigent defaulters.

The biggest concern is still the non - payment by Blyvooruitzicht mine. This has not been resolved. The community has lodged an application to force the municipality to ensure a continues provision of water. The community is offering to pay R100 per household for consumption.

The valuation appeal processes were completed. The valuation appeal board had ruled that that the valuations of the mines be amended. It had serious implications for council. Council is applying for a review of the outcome of the valuation Appeal Board.

It was resolved that a supplementary valuation roll must be done. The mines once again are appealing the outcome of the supplementary roll, although it was done in line with the valuation appeal boards ruling.

The impact of the mines that are withholding payments on assessment rates and the non-payment of Blyvooruitzicht mine are as follows for 2015/2016.

		<u>Assessment Rates</u>				
	<u>Levied 2015/2016</u>	<u>- Mines 12 months</u>	<u>Levied 10 Months</u>	<u>Budgeted Assessment Rates</u>	<u>Percentage of levied</u>	<u>Percentage</u>
Mines Rates	1,870,187,958	68,093,543.55	180,851,693.00	212,175,894.00	31.38%	32.09%
Blyvooruitzicht Rates	213,319,043	7,766,949.96	180,851,693.00	212,175,894.00	3.58%	3.66%
	2,083,507,001	75,860,493.51	180,851,693.00	212,175,894.00	34.96%	35.75%
		<u>Levied</u>	<u>Levied 10 Months</u>	<u>Budget 10 months</u>	<u>Percentage of levied</u>	<u>Percentage</u>
Blyvooruitzicht Water - 10 Months		25,328,727.48	213,812,363.00	217,419,030.00	11.85%	11.65%
Blyvooruitzicht Interest - 10 Months		17,000,481.00	43,575,814.00	42,988,495.83	39.01%	39.55%
		<u>Actual 10 months</u>	<u>Levied 10 Months</u>	<u>Budget 10 months</u>	<u>Percentage of levied</u>	<u>Percentage of Budget</u>
Non Payment form above for the 10		105,546,286.41	778,542,447.00	733,334,789.17	13.56%	14.39%
Projected non - payment for 12 months		126,655,543.69		880,001,747.00		14.39%

1.4.6 Depreciation

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R106 million for the 2016/17 financial year. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

1.4.7 Finance Charges

As previously noted, the municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in an increase in finance charges as a percentage of operational expenditure increasing.

1.4.8 Contracted Services

The biggest aspect of Contracted services will be the final roll out of the appointed fleet management company. It's a fact that in the past years the management of the vehicles was not effective. Council cannot continue that fleet vehicles are abused and not controlled. A further aspect will be the issuing of the new vehicles. A proper needs analysis will have to be performed before any new vehicles can be issued.

1.4.10 General Expenses

With the reduction in the equitable share and the guideline approval of electricity tariffs General Expenses will have to be curtailed.

It's recommended that general expenses must grow by 2%. This includes the increase in fuel costs and rising inflation. This will result that we will have to do a zero base budget.

Entertainment, Travel and Subsistence, Attendance of Conferences, Food at meetings cannot be provided for in the 2016/2017 budget,

The management of the fleet and usage of vehicles will have to properly manage.

The management of safety clothes will have to be looked at. A policy must be developed to prevent the demand for different types of clothes by different departments.

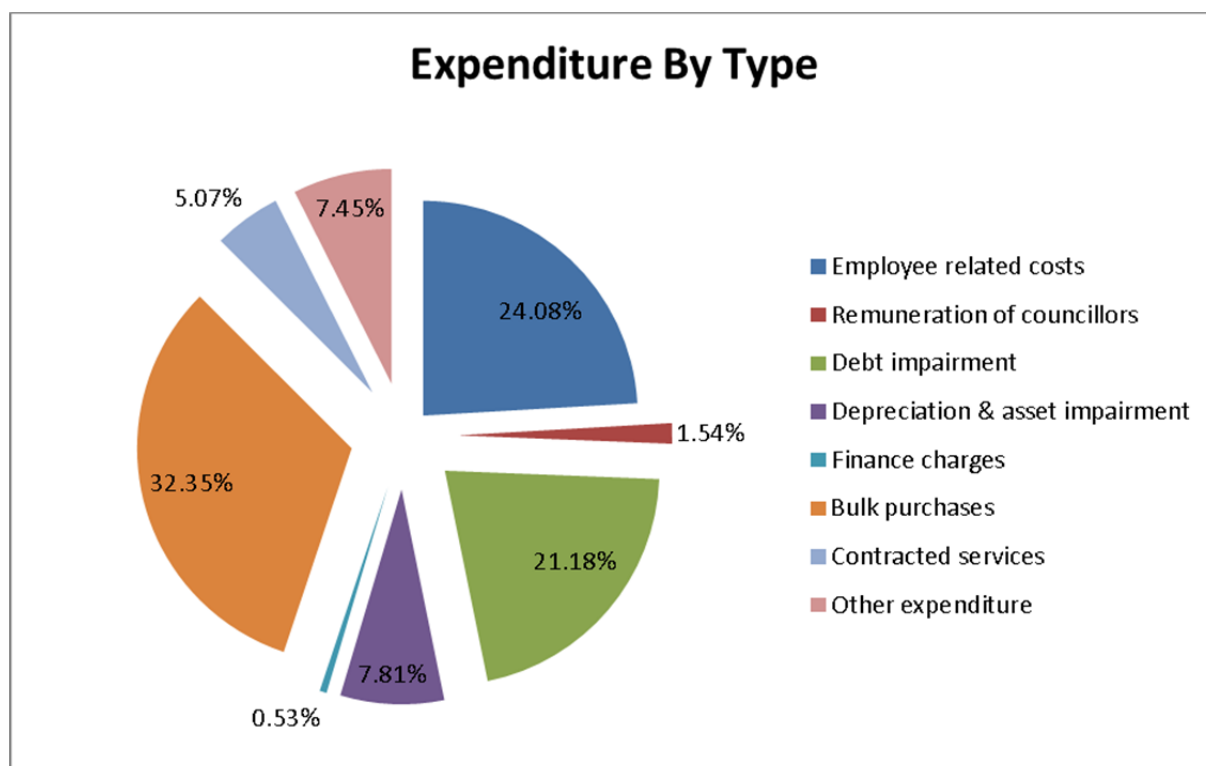


Figure 1 Main Operational expenditure categories for the 2016/17 financial year

Repairs and Maintenance

Due to the financial situation of Council Repairs and Maintenance were reduced substantially. During the adjustment budget the budget was cut by 50%

It was planned that repairs and maintenance must grow by 20% per year to ensure that council will extend the life span of the existing assets and not needs to replace them.

Due to the decrease in the equitable share council will not be in a position the increase the budget by 20%.

Table 12 Repairs and Maintenance per Asset Class

GT484 Merafong City - Table A9 Asset Management									
Description	2012/13	2013/14	2014/15	2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	28,321	33,603	48,039	32,082	29,906	29,906	28,361	28,361	28,361
Repairs and Maintenance by Asset Class	42,279	78,637	30,079	26,200	19,958	19,958	27,000	27,540	28,090
Infrastructure - Road transport	11,132	32,475	13,100	3,282	703	703	1,456	1,515	1,575
Infrastructure - Electricity	3,384	4,375	2,258	2,704	1,725	1,725	3,572	3,715	3,864
Infrastructure - Water	2,523	3,779	2,715	3,802	3,758	3,758	7,784	7,972	8,290
Infrastructure - Sanitation	4,904	11,878	6,140	6,037	2,503	2,503	5,185	5,393	5,608
Infrastructure - Other	595	1,761	1,096	-	-	-	-	-	-
Infrastructure	22,539	54,267	25,309	15,825	8,688	8,688	17,998	18,594	19,338
Community	4,445	887	1,205	2,615	475	475	1,295	1,347	1,400
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	15,295	23,483	3,565	7,760	10,795	10,795	7,707	7,599	7,352
TOTAL EXPENDITURE OTHER ITEMS	70,600	112,240	78,118	58,281	49,864	49,864	55,361	55,900	56,451
Renewal of Existing Assets as % of total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of depr	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE	1.5%	2.7%	1.0%	0.9%	0.6%	0.6%	0.9%	0.9%	0.9%
Renewal and R&M as a % of PPE	1.0%	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Councils Indigent Policy. The target is to register 22 000 or more indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) on page 45.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 CAPITAL EXPENDITURE

Table 13 2016/17 Medium-term capital budget per vote

GT484 Merafong City - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
<u>Total New Assets</u>	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Infrastructure - Road transport	67,824	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Infrastructure - Electricity	24,221	23,873	19,079	23,000	43,300	43,300	22,631	19,000	23,000
Infrastructure - Water	55,616	31,392	7,735	5,000	27,529	5,716	49,813	30,300	37,369
Infrastructure - Sanitation	13,146	-	1,274	-	-	-	-	10,000	10,000
Infrastructure - Other	-	-	1,099	-	-	-	5,000	15,000	21,297
Infrastructure	160,807	152,447	182,089	43,808	194,563	146,450	129,075	95,300	112,666
Community	11,156	22,470	9,642	-	-	-	21,357	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	22,829	6,227	5,729	32,200	21,650	21,650	1,460	1,489	1,519
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	270	2,192	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>									
Infrastructure - Road transport	67,824	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Infrastructure - Electricity	24,221	23,873	19,079	23,000	43,300	43,300	22,631	19,000	23,000
Infrastructure - Water	55,616	31,392	7,735	5,000	27,529	5,716	49,813	30,300	37,369
Infrastructure - Sanitation	13,146	-	1,274	-	-	-	-	10,000	10,000
Infrastructure - Other	-	-	1,099	-	-	-	5,000	15,000	21,297
Infrastructure	160,807	152,447	182,089	43,808	194,563	146,450	129,075	95,300	112,666
Community	11,156	22,470	9,642	-	-	-	21,357	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	22,829	6,227	5,729	32,200	21,650	21,650	1,460	1,489	1,519
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	270	2,192	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1,402,981	1,384,656	1,523,113	1,587,595	1,692,522	1,666,222	1,673,396	1,649,939	1,626,481
Infrastructure - Electricity	294,742	371,521	366,361	439,909	463,209	463,209	472,191	477,542	486,893
Infrastructure - Water	262,825	311,630	298,002	244,682	267,211	245,398	281,642	298,373	322,174
Infrastructure - Sanitation	246,759	305,009	264,953	124,384	124,384	124,384	115,995	117,606	119,217
Infrastructure - Other	483,044	310,486	309,579	489,124	489,124	489,124	493,003	506,882	527,058
Infrastructure	2,690,351	2,683,302	2,762,007	2,885,694	3,036,450	2,988,337	3,036,227	3,050,342	3,081,823
Community	155,821	212,829	221,009	21,063	7,963	7,963	27,225	25,131	23,037
Heritage assets	43	15	198	43	43	43	43	43	43
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	13,862	15,967	17,693	85,261	87,811	87,811	66,325	44,867	23,439
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2,722	2,503	3,378	3,078	3,078	3,078	3,078	3,078	3,078
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2,862,799	2,914,615	3,004,286	2,995,140	3,135,345	3,087,232	3,132,898	3,123,461	3,131,420

For 2016/17 an amount of R150.4 Million has been appropriated for the development of infrastructure which represents 99 per cent of the total capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in **Table 23 MBRR A9 (Asset Management) on page 43**. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong will experience large changes in their equitable share allocations. To smooth the impact of these changes and give Merafong time to adjust the new allocations it will be phased in over five years.

Table 14 Capital Transfers and Grant Receipts

GT484 Merafong City - Supporting Table SA18 Transfers and grant receipts									
Description	2012/13	2013/14	2014/15	2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2016/2017	2017/2018	2018/2019
RECEIPTS:									
Capital Transfers and Grants									
National Government:	82,743	88,732	63,929	76,008	76,008	76,008	98,283	95,300	112,666
Municipal Infrastructure Grant (MIG)	71,663	66,732	57,929	56,008	56,008	56,008	55,283	59,300	62,666
National Electrification Programme	7,400	22,000	6,000	10,000	10,000	10,000	15,000	16,000	20,000
Department of Sports, arts, culture and recreation	3,680								
Human Settlement Grant							8,000		
Energy Efficiency and Demand Side Management				5,000	5,000	5,000			
Municipal Water Infrastructure grant				5,000	5,000	5,000	20,000	20,000	30,000
Provincial Government:	59,999	-	91,423	-	121,786	121,786	-	-	-
Human Settlement Grant	59,999	-	91,423	-	121,786	121,786			
District Municipality:	-	-	-	-	-	-	-	-	-
water	-	-	-	-					
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	142,742	88,732	155,352	76,008	197,794	197,794	98,283	95,300	112,666

As can be seen from the table above the Municipal Infrastructure Grant has decreased over the past five years.

This had negatively affect council's ability to render services and reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

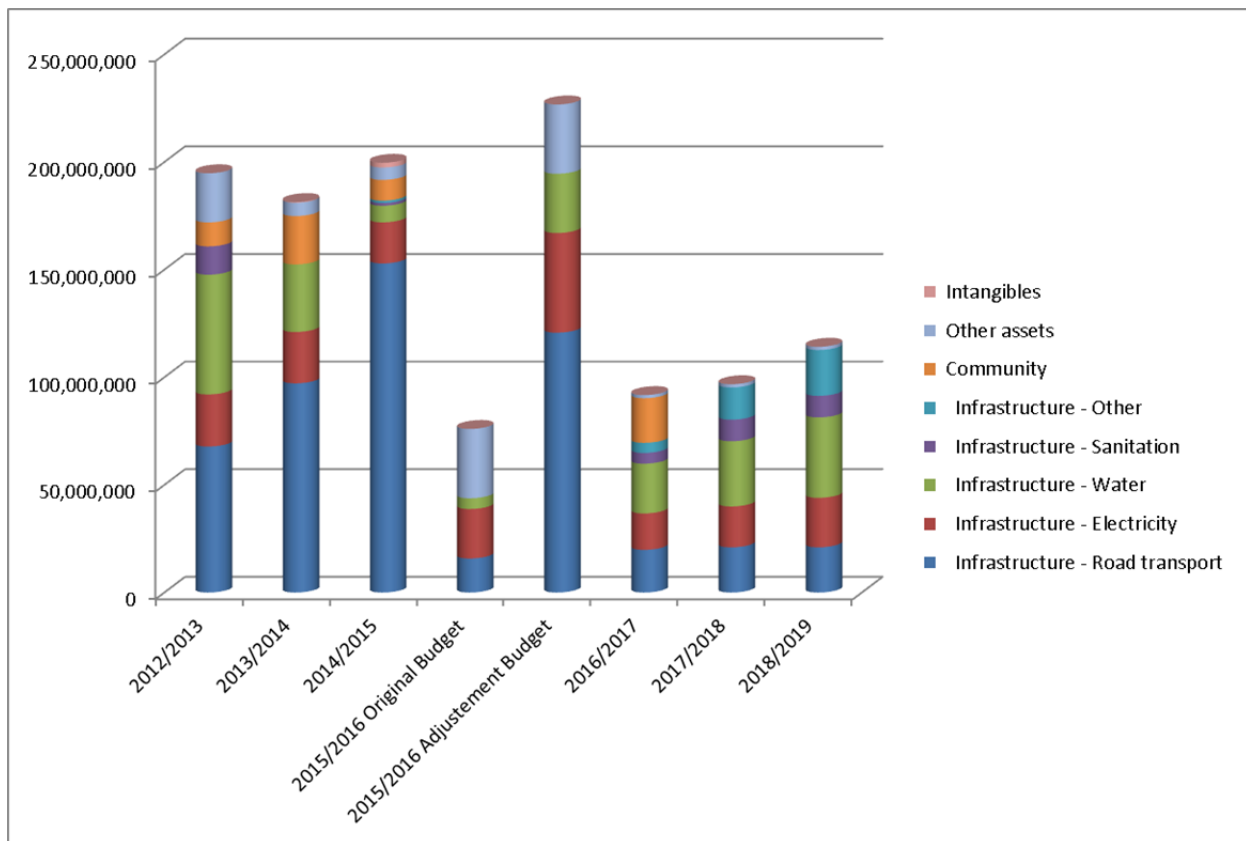


Figure 2 Capital Infrastructure Programme

1.6 Annual Budget Tables - Parent Municipality

The following 17 pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 15 MBRR Table A1 - Budget Summary

GT484 Merafong City - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance									
Property rates	262,877	269,438	191,426	151,595	212,542	212,542	227,402	241,046	255,509
Service charges	472,582	514,044	536,340	622,288	616,694	616,694	678,402	730,591	786,832
Investment revenue	17,089	16,863	8,194	8,386	2,786	2,786	2,786	2,786	2,953
Transfers recognised - operational	318,124	345,404	311,562	183,241	231,875	231,875	206,523	176,945	191,869
Other own revenue	49,978	61,174	86,962	110,555	114,818	114,818	121,707	129,009	136,750
Total Revenue (excluding capital transfers and contributions)	1,120,649	1,206,922	1,134,484	1,076,064	1,178,714	1,178,714	1,236,819	1,280,377	1,373,912
Employee costs	262,366	299,183	312,717	290,899	306,238	306,238	327,675	350,612	375,155
Remuneration of councillors	16,619	17,753	18,762	18,466	19,795	19,795	20,983	22,242	23,576
Depreciation & asset impairment	28,321	33,603	48,039	32,082	29,906	29,906	28,361	28,361	28,361
Finance charges	6,993	4,452	3,819	8,459	7,200	7,200	12,400	12,400	12,400
Materials and bulk purchases	284,452	313,927	341,599	392,390	397,887	397,887	440,188	475,403	513,435
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	490,662	568,549	605,821	332,222	534,262	534,262	545,283	552,754	583,043
Total Expenditure	1,089,413	1,237,467	1,330,757	1,074,519	1,295,289	1,295,289	1,374,889	1,441,771	1,535,969
Surplus/(Deficit)	31,236	(30,545)	(196,273)	1,545	(116,575)	(116,575)	(138,070)	(161,394)	(162,058)
Transfers recognised - capital	197,235	181,626	164,661	76,008	184,648	136,535	143,332	95,300	112,666
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Capital expenditure & funds sources									
Capital expenditure	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Transfers recognised - capital	183,420	168,350	164,661	76,008	184,648	136,535	143,332	95,300	112,666
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	4,052	23,389	-	28,300	28,300	7,100	-	-
Internally generated funds	11,372	9,012	11,603	-	3,266	3,266	1,460	1,489	1,519
Total sources of capital funds	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Financial position									
Total current assets	658,204	485,004	369,323	412,644	288,744	288,744	288,744	288,744	288,744
Total non current assets	2,873,063	2,925,332	3,015,559	3,006,743	3,139,116	3,091,003	3,132,898	3,123,461	3,131,420
Total current liabilities	578,057	374,827	400,710	349,665	385,623	337,510	513,967	638,815	762,107
Total non current liabilities	165,531	174,611	201,373	215,175	298,226	298,226	236,267	245,941	257,865
Community wealth/Equity	2,787,680	2,860,898	2,782,799	2,854,547	2,744,011	2,744,011	2,671,407	2,527,448	2,400,191
Cash flows									
Net cash from (used) operating	314,565	(40,351)	71,033	107,852	(4,135)	(4,135)	(11,426)	(20,041)	(19,457)
Net cash from (used) investing	(158,156)	(181,894)	(200,041)	(76,008)	(216,213)	(168,100)	(151,062)	(94,420)	(111,733)
Net cash from (used) financing	(27,135)	(8,247)	11,010	(11,799)	16,501	16,501	(8,503)	(8,503)	(8,503)
Cash/cash equivalents at the year end	434,439	203,947	85,948	128,551	(117,900)	(69,787)	(240,777)	(363,740)	(503,432)
Cash backing/surplus reconciliation									
Cash and investments available	444,653	214,643	97,220	140,140	(114,128)	(66,015)	(240,777)	(363,740)	(503,432)
Application of cash and investments	295,441	87,145	87,353	52,233	(59,131)	(59,131)	8,851	9,472	(13,132)
Balance - surplus (shortfall)	149,212	127,498	9,866	87,907	(54,997)	(6,884)	(249,628)	(373,212)	(490,300)
Asset management									
Asset register summary (WDV)	2,862,799	2,914,615	3,004,286	2,995,140	3,135,345	3,087,232	3,132,898	3,123,461	3,131,420
Depreciation & asset impairment	28,321	33,603	48,039	32,082	29,906	29,906	28,361	28,361	28,361
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	42,279	78,637	30,079	26,200	19,958	19,958	27,000	27,540	28,090
Free services									
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	30,337	35,517	29,370	108,356	108,356	108,356	-	118,706	127,820
Households below minimum service level									
Water:	1	1	1	2	2	2	2	2	2
Sanitation/sewerage:	2	2	2	5	5	5	5	5	5
Energy:	67	67	67	200	200	200	200	200	200
Refuse:	76	76	76	50	50	50	50	50	50

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 16 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

GT484 Merafong City - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	392,348	505,594	438,944	287,121	349,984	349,984	362,374	480,749	514,112
Executive and council	5,570	3,979	5,705	2,071	4,045	4,045	2,769	326	345
Budget and treasury office	384,891	500,323	431,980	282,821	343,459	343,459	357,349	478,141	511,455
Corporate services	1,887	1,291	1,259	2,229	2,480	2,480	2,255	2,282	2,311
<i>Community and public safety</i>	150,286	152,829	140,737	50,492	101,818	101,818	85,397	63,416	66,903
Community and social services	4,330	1,687	8,240	9,819	10,606	10,606	14,142	15,764	16,391
Sport and recreation	400	328	290	376	376	376	-	-	-
Public safety	16,094	16,373	24,970	39,231	41,622	41,622	44,119	46,766	49,572
Housing	129,463	134,441	107,237	1,066	49,214	49,214	27,137	887	940
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	205,409	206,923	182,463	81,090	164,215	164,215	151,283	99,241	116,793
Planning and development	205,409	206,923	182,463	81,090	164,215	164,215	151,044	98,988	116,525
Road transport	-	-	-	-	-	-	239	253	268
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	569,841	523,202	537,000	733,370	747,344	747,344	781,097	732,271	788,770
Electricity	245,707	216,315	221,370	289,375	300,599	300,599	319,247	307,089	331,623
Water	239,158	235,901	237,791	327,881	329,619	329,619	334,980	315,357	340,736
Waste water management	38,783	32,086	26,492	43,796	46,517	46,517	51,279	46,061	48,824
Waste management	46,192	38,901	51,346	72,317	70,609	70,609	75,591	63,765	67,586
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	1,317,884	1,388,548	1,299,144	1,152,072	1,363,362	1,363,362	1,380,151	1,375,677	1,486,578
Expenditure - Standard									
<i>Governance and administration</i>	228,784	327,715	365,131	365,418	332,657	332,657	388,401	422,112	447,703
Executive and council	80,136	102,797	146,530	113,618	92,123	92,123	84,445	89,149	94,150
Budget and treasury office	59,699	88,905	153,651	202,511	167,835	167,835	224,636	248,718	265,417
Corporate services	88,948	136,013	64,950	49,289	72,699	72,699	79,320	84,244	88,137
<i>Community and public safety</i>	237,330	261,153	288,911	156,196	201,150	201,150	173,662	155,945	163,972
Community and social services	13,732	18,267	78,006	39,808	49,552	49,552	36,658	39,781	42,013
Sport and recreation	54,109	61,768	27,142	28,717	21,997	21,997	25,073	26,479	27,976
Public safety	33,951	41,550	83,692	81,707	75,570	75,570	79,129	82,751	86,588
Housing	130,894	139,567	100,072	5,963	54,031	54,031	32,802	6,934	7,395
Health	4,644	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	96,226	127,441	101,534	53,992	96,364	96,364	125,355	131,324	134,619
Planning and development	27,313	16,170	25,028	18,965	80,302	80,302	76,976	82,159	83,291
Road transport	68,913	111,271	76,506	35,027	16,062	16,062	48,380	49,164	51,329
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	604,939	599,023	653,046	576,779	741,438	741,438	765,336	810,255	867,539
Electricity	226,634	231,595	225,688	258,719	322,833	322,833	342,076	363,385	390,310
Water	292,265	281,962	352,499	257,532	350,054	350,054	346,385	366,761	393,706
Waste water management	30,825	30,533	28,177	20,773	16,559	16,559	22,985	23,612	24,258
Waste management	55,215	54,934	46,682	39,755	51,992	51,992	53,890	56,498	59,265
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	1,167,278	1,315,332	1,408,622	1,152,384	1,371,609	1,371,609	1,452,754	1,519,637	1,613,835
Surplus/(Deficit) for the year	150,606	73,216	(109,478)	(312)	(8,247)	(8,247)	(72,603)	(143,959)	(127,257)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 14 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

GT484 Merafong City - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Municipal Manager	5,570	3,979	4,670	2,071	4,045	4,045	2,769	326	345
Finance	384,891	500,323	429,804	282,821	343,459	343,459	357,349	478,141	511,455
Economic Development and Planning	380	1,721	2,467	353	576	576	433	442	451
Chief Operating Officer	-	-	-	-	-	-	-	-	-
Infrastructure Development	729,218	690,376	668,861	742,055	840,864	840,864	856,357	767,306	837,527
Community Services	67,016	57,288	84,846	121,743	123,237	123,237	133,850	126,292	133,547
Housing	129,463	134,441	107,237	802	48,950	48,950	27,137	887	940
Shared Services	1,347	419	1,259	2,228	2,229	2,229	2,255	2,282	2,311
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	1,317,884	1,388,548	1,299,144	1,152,072	1,363,362	1,363,362	1,380,151	1,375,677	1,486,578
Expenditure by Vote to be appropriated									
Municipal Manager	66,155	106,234	137,244	103,127	73,055	73,055	77,763	82,006	86,512
Finance	59,699	81,967	153,651	202,511	167,835	167,835	224,636	248,718	265,417
Economic Development and Planning	13,335	16,170	16,138	13,198	11,323	11,323	11,866	12,645	13,477
Chief Operating Officer	6,269	8,512	9,286	10,491	8,500	8,500	10,096	10,791	11,534
Infrastructure Development	665,961	695,826	727,058	577,819	800,466	800,466	825,013	872,515	929,497
Community Services	185,756	209,785	200,223	189,986	183,701	183,701	194,644	205,401	215,732
Housing	130,894	139,567	100,072	5,963	54,031	54,031	32,802	6,934	7,395
Shared Services	39,208	57,270	64,950	49,289	72,699	72,699	75,933	80,626	84,271
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	1,167,278	1,315,332	1,408,622	1,152,384	1,371,609	1,371,609	1,452,754	1,519,637	1,613,835
Surplus/(Deficit) for the year	150,606	73,216	(109,478)	(312)	(8,247)	(8,247)	(72,603)	(143,959)	(127,257)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

GT484 Merafong City - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue By Source									
Property rates	261,097	267,771	190,456	151,229	212,176	212,176	227,028	240,650	255,089
Property rates - penalties & collection charges	1,780	1,667	970	366	366	366	374	396	420
Service charges - electricity revenue	208,006	213,867	220,162	247,252	261,480	261,480	282,810	305,434	329,869
Service charges - water revenue	206,733	235,800	237,782	284,067	260,903	260,903	291,482	314,801	339,985
Service charges - sanitation revenue	22,798	25,230	26,453	35,836	38,590	38,590	43,408	46,012	48,773
Service charges - refuse revenue	34,442	38,543	51,156	54,331	54,900	54,900	59,866	63,458	67,265
Service charges - other	603	603	786	802	820	820	837	887	940
Rental of facilities and equipment	1,164	1,293	1,189	1,072	1,105	1,105	1,172	1,242	1,317
Interest earned - external investments	17,089	16,863	8,194	8,386	2,786	2,786	2,786	2,786	2,953
Interest earned - outstanding debtors	24,184	32,840	43,477	43,673	51,586	51,586	54,681	57,962	61,440
Dividends received				-	-	-			
Fines	4,245	3,365	17,109	3,726	2,838	2,838	3,008	3,189	3,380
Licences and permits	11,289	12,859	7,798	35,377	38,736	38,736	41,060	43,524	46,135
Agency services				-	-	-			
Transfers recognised - operational	318,124	345,404	311,562	183,241	231,875	231,875	206,523	176,945	191,869
Other revenue	9,095	10,816	17,388	24,924	19,769	19,769	20,955	22,213	23,545
Gains on disposal of PPE				1,783	783	783	830	880	933
Total Revenue (excluding capital transfers and contributions)	1,120,649	1,206,922	1,134,484	1,076,064	1,178,714	1,178,714	1,236,819	1,280,377	1,373,912
Expenditure By Type									
Employee related costs	262,366	299,183	312,717	290,899	306,238	306,238	327,675	350,612	375,155
Remuneration of councillors	16,619	17,753	18,762	18,466	19,795	19,795	20,983	22,242	23,576
Debt impairment	188,606	126,728	250,726	96,589	298,698	298,698	335,746	360,049	385,994
Depreciation & asset impairment	28,321	33,603	48,039	32,082	29,906	29,906	28,361	28,361	28,361
Finance charges	6,993	4,452	3,819	8,459	7,200	7,200	12,400	12,400	12,400
Bulk purchases	284,452	313,927	341,599	392,390	397,887	397,887	440,188	475,403	513,435
Other materials									
Contracted services	64,748	104,897	130,540	83,533	67,608	67,608	68,960	70,339	71,746
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	235,815	336,221	224,555	152,100	167,956	167,956	140,576	122,365	125,302
Loss on disposal of PPE	1,494	703							
Total Expenditure	1,089,413	1,237,467	1,330,757	1,074,519	1,295,289	1,295,289	1,374,889	1,441,771	1,535,969
Surplus/(Deficit)	31,236	(30,545)	(196,273)	1,545	(116,575)	(116,575)	(138,070)	(161,394)	(162,058)
Transfers recognised - capital	197,235	181,626	164,661	76,008	184,648	136,535	143,332	95,300	112,666
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Taxation									
Surplus/(Deficit) after taxation	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	228,471	151,081	(31,613)	77,553	68,073	19,960	5,262	(66,094)	(49,392)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R1.236.8 Million in 2016/17 and escalates to R1 373.9 Million by 2018/19. This represents a year-on-year increase of 1.94 per cent for the 2016/17 financial year. Revenue to be generated from property rates is R227 Million in the 2016/17 financial year and increases to R255 Million by 2018/19 which represents 18.4 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 7.0 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.

2. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R677 Million for the 2016/17 financial year and increasing to R786 Million by 2018/19. For the 2016/17 financial year services charges amount to 54.7 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong experience large changes in their equitable share allocations. To smooth the impact of these changes and give Merafong time to adjust the new allocations it will be phased in over five years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
4. The following graph illustrates the major expenditure items per type.

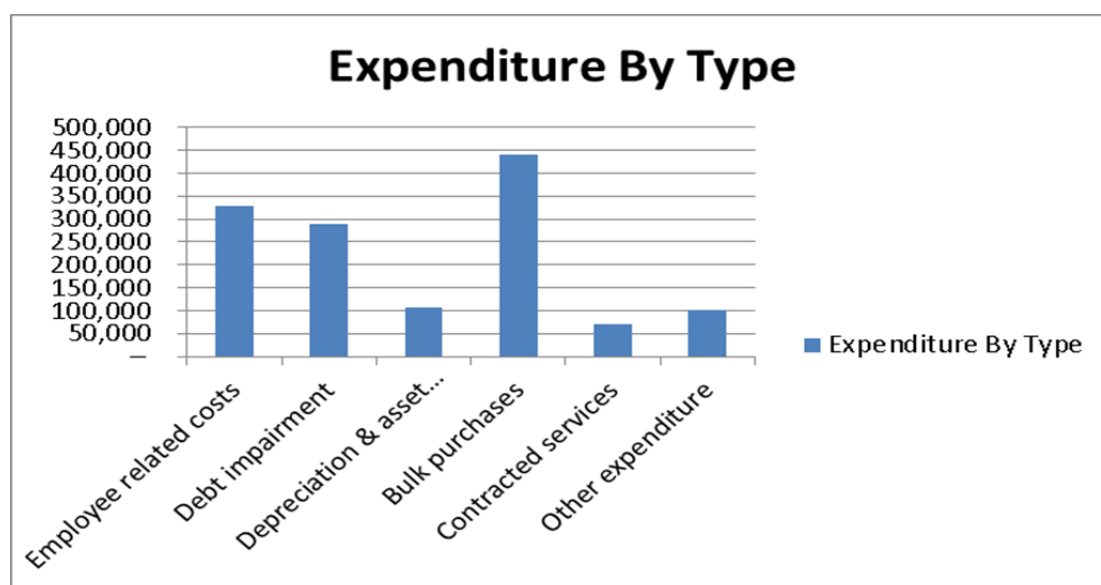


Figure 3 Expenditure by Major Type

5. Bulk purchases have significantly increased over the 2012/13 to 2016/17 period escalating from R284 Million to R440 Million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

GT484 Merafong City - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Capital expenditure - Vote									
<i>Multi-year expenditure to be appropriated</i>									
Municipal Manager	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-
Economic Development and Planning	-	-	-	-	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-	-	-	-	-
Infrastructure Development	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Shared Services	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-
<i>Single-year expenditure to be appropriated</i>									
Municipal Manager	-	-	-	-	-	-	-	-	-
Finance	1,272	2,987	7,063	-	2,550	2,550	1,460	952	937
Economic Development and Planning	3,993	3,240	-	4,200	2,600	2,600	2,629	-	-
Chief Operating Officer	-	-	-	-	-	-	-	-	-
Infrastructure Development	179,851	152,447	186,108	71,808	211,063	162,950	124,075	80,837	91,951
Community Services	9,677	22,470	4,289	-	-	-	23,728	15,000	21,297
Housing	-	-	-	-	-	-	-	-	-
Shared Services	-	-	2,192	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	194,792	181,143	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Total Capital Expenditure - Vote	194,792	181,143	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Capital Expenditure - Standard									
<i>Governance and administration</i>	1,272	3,257	14,373	-	2,550	2,550	1,460	1,489	1,519
Executive and council	-	-	5,118	-	-	-	-	-	-
Budget and treasury office	1,272	2,987	7,063	-	2,550	2,550	1,460	1,489	1,519
Corporate services	-	270	2,192	-	-	-	-	-	-
<i>Community and public safety</i>	8,778	22,470	3,006	14,000	13,000	13,000	18,728	-	-
Community and social services	2,663	1,079	-	14,000	13,000	13,000	18,728	-	-
Sport and recreation	2,262	21,390	3,006	-	-	-	-	-	-
Public safety	3,853	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	130,389	100,422	152,902	20,008	126,335	100,035	54,260	21,000	21,000
Planning and development	3,993	3,240	-	4,200	2,600	2,600	2,629	-	-
Road transport	126,396	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	54,354	55,265	29,371	42,000	74,329	52,516	77,444	74,300	91,666
Electricity	25,359	23,873	19,079	23,000	43,300	43,300	22,631	19,000	23,000
Water	21,169	31,392	7,735	5,000	27,529	5,716	49,813	20,000	30,000
Waste water management	6,926	-	1,274	-	-	-	-	20,300	17,369
Waste management	900	-	1,283	14,000	3,500	3,500	5,000	15,000	21,297
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	194,792	181,143	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Funded by:									
National Government	183,420	57,984	84,238	76,008	76,008	76,008	95,519	95,300	112,666
Provincial Government	-	110,366	80,422	-	108,640	60,527	47,813	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	183,420	168,350	164,661	76,008	184,648	136,535	143,332	95,300	112,666
Public contributions & donations	-	4,052	23,389	-	28,300	28,300	7,100	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11,372	9,012	11,603	-	3,266	3,266	1,460	1,489	1,519
Total Capital Funding	194,792	181,143	199,652	76,008	216,213	168,100	151,892	96,789	114,185

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R151.9 million for the 2016/17 financial year and decreases over the MTREF at levels of R96.8 million and R114.2 million respectively for the two outer years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2016/17, capital transfers totals R143.3 million decreasing to R112.7 million by 2018/19. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 20 MBRR Table A6 - Budgeted Financial Position

GT484 Merafong City - Table A6 Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Current assets									
Cash	434,438	203,946	85,948	128,551	-	-	-	-	-
Call investment deposits	-	-	-	-	-	-	-	-	-
Consumer debtors	182,358	188,669	171,620	191,704	219,916	219,916	219,916	219,916	219,916
Other debtors	35,148	69,752	87,973	69,752	45,467	45,467	45,467	45,467	45,467
Current portion of long-term receivables	-	-	2	-	-	-	-	-	-
Inventory	6,261	22,637	23,781	22,637	23,361	23,361	23,361	23,361	23,361
Total current assets	658,204	485,004	369,323	412,644	288,744	288,744	288,744	288,744	288,744
Non current assets									
Long-term receivables	6	5	-	-	-	-	-	-	-
Investments	10,215	10,698	11,272	11,589	3,772	3,772	-	-	-
Investment property	-	-	-	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	2,860,077	2,912,113	3,000,907	2,992,062	3,132,267	3,084,154	3,129,820	3,120,383	3,128,342
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	2,722	2,503	3,378	3,078	3,078	3,078	3,078	3,078	3,078
Other non-current assets	43	15	2	15	-	-	-	-	-
Total non current assets	2,873,063	2,925,332	3,015,559	3,006,743	3,139,116	3,091,003	3,132,898	3,123,461	3,131,420
TOTAL ASSETS	3,531,268	3,410,337	3,384,881	3,419,387	3,427,860	3,379,747	3,421,641	3,412,205	3,420,163
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	117,900	69,787	240,777	363,740	503,432
Borrowing	8,523	9,602	11,645	8,653	8,653	8,653	8,653	8,653	8,653
Consumer deposits	10,675	11,329	12,485	11,328	13,191	13,191	13,191	13,191	13,191
Trade and other payables	536,231	331,449	348,370	309,310	219,251	219,251	224,717	226,603	210,202
Provisions	22,628	22,447	28,210	20,374	26,629	26,629	26,629	26,629	26,629
Total current liabilities	578,057	374,827	400,710	349,665	385,623	337,510	513,967	638,815	762,107
Non current liabilities									
Borrowing	48,013	38,686	48,049	117,680	145,980	145,980	66,830	58,110	50,352
Provisions	117,518	135,925	153,323	97,495	152,246	152,246	169,437	187,832	207,514
Total non current liabilities	165,531	174,611	201,373	215,175	298,226	298,226	236,267	245,941	257,865
TOTAL LIABILITIES	743,588	549,438	602,082	564,840	683,850	635,737	750,234	884,757	1,019,972
NET ASSETS	2,787,680	2,860,898	2,782,799	2,854,547	2,744,011	2,744,011	2,671,407	2,527,448	2,400,191
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	2,787,680	2,860,898	2,782,799	2,854,547	2,744,011	2,744,011	2,671,407	2,527,448	2,400,191
Reserves	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2,787,680	2,860,898	2,782,799	2,854,547	2,744,011	2,744,011	2,671,407	2,527,448	2,400,191

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 21 MBRR Table A7 - Budgeted Cash Flow Statement

GT484 Merafong City - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	217,777	269,438	147,169	132,692	104,383	104,383	147,942	156,818	166,227
Service charges	472,582	382,804	445,766	544,602	470,434	470,434	458,489	476,134	512,784
Other revenue	22,116	24,769	40,231	65,099	282,540	282,540	66,195	70,167	74,377
Government - operating	317,919	189,311	311,562	183,241	230,199	230,199	206,523	176,945	191,869
Government - capital	197,440	98,859	72,208	76,008	184,648	184,648	98,283	92,508	92,508
Interest	17,089	16,863	8,194	52,059	2,786	2,786	21,924	60,748	64,393
Dividends				-			-	-	-
Payments									
Suppliers and employees	(923,365)	(1,017,943)	(950,674)	(937,389)	(1,271,925)	(1,271,925)	(998,382)	(1,040,961)	(1,109,215)
Finance charges	(6,993)	(4,452)	(3,423)	(8,459)	(7,200)	(7,200)	(12,400)	(12,400)	(12,400)
Transfers and Grants				-			-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	314,565	(40,351)	71,033	107,852	(4,135)	(4,135)	(11,426)	(20,041)	(19,457)
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	(5,796)						830	880	933
Decrease (Increase) in non-current debtors	2,509	2	2				-	-	-
Decrease (increase) other non-current receivables							-	-	-
Decrease (increase) in non-current investments	(443)	(482)	(574)				-	-	-
Payments									
Capital assets	(154,426)	(181,413)	(199,468)	(76,008)	(216,213)	(168,100)	(151,892)	(95,300)	(112,666)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(158,156)	(181,894)	(200,041)	(76,008)	(216,213)	(168,100)	(151,062)	(94,420)	(111,733)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing			21,000		28,300	28,300	-	-	-
Increase (decrease) in consumer deposits					-	-	-	-	-
Payments									
Repayment of borrowing	(27,135)	(8,247)	(9,990)	(11,799)	(11,799)	(11,799)	(8,503)	(8,503)	(8,503)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27,135)	(8,247)	11,010	(11,799)	16,501	16,501	(8,503)	(8,503)	(8,503)
NET INCREASE/(DECREASE) IN CASH HELD	129,274	(230,492)	(117,998)	20,045	(203,848)	(155,735)	(170,990)	(122,963)	(139,692)
Cash/cash equivalents at the year begin:	305,164	434,439	203,946	108,506	85,948	85,948	(69,787)	(240,777)	(363,740)
Cash/cash equivalents at the year end:	434,439	203,947	85,948	128,551	(117,900)	(69,787)	(240,777)	(363,740)	(503,432)

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

GT484 Merafong City - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	434,439	203,947	85,948	128,551	(117,900)	(69,787)	(240,777)	(363,740)	(503,432)
Other current investments > 90 days	(0)	(1)	-	-	-	0	-	-	-
Non current assets - Investments	10,215	10,698	11,272	11,589	3,772	3,772	-	-	-
Cash and investments available:	444,653	214,643	97,220	140,140	(114,128)	(66,015)	(240,777)	(363,740)	(503,432)
Application of cash and investments									
Unspent conditional transfers	348,323	109,463	17,835	0	0	0	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(52,881)	(22,318)	69,518	52,233	(59,131)	(59,131)	8,851	9,472	(13,132)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	295,441	87,145	87,353	52,233	(59,131)	(59,131)	8,851	9,472	(13,132)
Surplus(shortfall)	149,212	127,498	9,866	87,907	(54,997)	(6,884)	(249,628)	(373,212)	(490,300)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality decrease from the 2014/15 financial year to 2016/17 period owing directly to a net decrease in cash for the 2016/17 financial year of R249.6 million.
4. Cash and cash equivalents totals R249.6 Million overdraft as at the end of the 2016/17 financial year and increases to R490.3 Million by 2018/19.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/13 to 2016/17 the surplus decreased from R149 million to a deficit of R490 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was not funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA, which is not the case in 2016/2017.
8. As can be seen the budget is not funded as the deficit of R249 million in 2016/17 will increase to a deficit of R490 million by 2018/19.

Table 23 MBRR Table A9 - Asset Management

GT484 Merafong City - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
<u>Total New Assets</u>	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185
Infrastructure - Road transport	67,824	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Infrastructure - Electricity	24,221	23,873	19,079	23,000	43,300	43,300	22,631	19,000	23,000
Infrastructure - Water	55,616	31,392	7,735	5,000	27,529	5,716	49,813	30,300	37,369
Infrastructure - Sanitation	13,146	-	1,274	-	-	-	-	10,000	10,000
Infrastructure - Other	-	-	1,099	-	-	-	5,000	15,000	21,297
Infrastructure	160,807	152,447	182,089	43,808	194,563	146,450	129,075	95,300	112,666
Community	11,156	22,470	9,642	-	-	-	21,357	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	22,829	6,227	5,729	32,200	21,650	21,650	1,460	1,489	1,519
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	270	2,192	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	67,824	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Infrastructure - Electricity	24,221	23,873	19,079	23,000	43,300	43,300	22,631	19,000	23,000
Infrastructure - Water	55,616	31,392	7,735	5,000	27,529	5,716	49,813	30,300	37,369
Infrastructure - Sanitation	13,146	-	1,274	-	-	-	-	10,000	10,000
Infrastructure - Other	-	-	1,099	-	-	-	5,000	15,000	21,297
Infrastructure	160,807	152,447	182,089	43,808	194,563	146,450	129,075	95,300	112,666
Community	11,156	22,470	9,642	-	-	-	21,357	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	22,829	6,227	5,729	32,200	21,650	21,650	1,460	1,489	1,519
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	270	2,192	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1,402,981	1,384,656	1,523,113	1,587,595	1,692,522	1,666,222	1,673,396	1,649,939	1,626,481
Infrastructure - Electricity	294,742	371,521	366,361	439,909	463,209	463,209	472,191	477,542	486,893
Infrastructure - Water	262,825	311,630	298,002	244,682	267,211	245,398	281,642	298,373	322,174
Infrastructure - Sanitation	246,759	305,009	264,953	124,384	124,384	124,384	115,995	117,606	119,217
Infrastructure - Other	483,044	310,486	309,579	489,124	489,124	489,124	493,003	506,882	527,058
Infrastructure	2,690,351	2,683,302	2,762,007	2,885,694	3,036,450	2,988,337	3,036,227	3,050,342	3,081,823
Community	155,821	212,829	221,009	21,063	7,963	7,963	27,225	25,131	23,037
Heritage assets	43	15	198	43	43	43	43	43	43
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	13,862	15,967	17,693	85,261	87,811	87,811	66,325	44,867	23,439
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	2,722	2,503	3,378	3,078	3,078	3,078	3,078	3,078	3,078
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2,862,799	2,914,615	3,004,286	2,995,140	3,135,345	3,087,232	3,132,898	3,123,461	3,131,420
EXPENDITURE OTHER ITEMS									
<u>Depreciation & asset impairment</u>	28,321	33,603	48,039	32,082	29,906	29,906	28,361	28,361	28,361
<u>Repairs and Maintenance by Asset Class</u>	42,279	78,637	30,079	26,200	19,958	19,958	27,000	27,540	28,090
Infrastructure - Road transport	11,132	32,475	13,100	3,282	703	703	1,456	1,515	1,575
Infrastructure - Electricity	3,384	4,375	2,258	2,704	1,725	1,725	3,572	3,715	3,864
Infrastructure - Water	2,523	3,779	2,715	3,802	3,758	3,758	7,784	7,972	8,290
Infrastructure - Sanitation	4,904	11,878	6,140	6,037	2,503	2,503	5,185	5,393	5,608
Infrastructure - Other	595	1,761	1,096	-	-	-	-	-	-
Infrastructure	22,539	54,267	25,309	15,825	8,688	8,688	17,998	18,594	19,338
Community	4,445	887	1,205	2,615	475	475	1,295	1,347	1,400
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	15,295	23,483	3,565	7,760	10,795	10,795	7,707	7,599	7,352
TOTAL EXPENDITURE OTHER ITEMS	70,600	112,240	78,118	58,281	49,864	49,864	55,361	55,900	56,451
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>	1.5%	2.7%	1.0%	0.9%	0.6%	0.6%	0.9%	0.9%	0.9%
<i>Renewal and R&M as a % of PPE</i>	1.0%	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

Table 24 MBRR Table A10 - Basic Service Delivery Measurement

GT484 Merafong City - Table A10 Basic service delivery measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	70,669	70,669	70,669	105,723	105,723	105,723	105,723	105,723	105,723
Piped water inside yard (but not in dwelling)	56,077	56,077	56,077	60,858	60,858	60,858	60,858	60,858	60,858
Using public tap (at least min.service level)	32,816	32,816	32,816	21,087	21,087	21,087	21,087	21,087	21,087
Other water supply (at least min.service level)	3,393	3,393	3,393	10,179	10,179	10,179	10,179	10,179	10,179
<i>Minimum Service Level and Above sub-total</i>	162,955	162,955	162,955	197,847	197,847	197,847	197,847	197,847	197,847
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	669	669	669	2,007	2,007	2,007	2,007	2,007	2,007
<i>Below Minimum Service Level sub-total</i>	669	669	669	2,007	2,007	2,007	2,007	2,007	2,007
Total number of households	163,624	163,624	163,624	199,854	199,854	199,854	199,854	199,854	199,854
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	108,047	108,047	108,047	161,934	161,934	161,934	161,934	161,934	161,934
Flush toilet (with septic tank)	2,691	2,691	2,691	4,173	4,173	4,173	4,173	4,173	4,173
Chemical toilet	424	424	424	1,272	1,272	1,272	1,272	1,272	1,272
Pit toilet (ventilated)	1,524	1,524	1,524	4,572	4,572	4,572	4,572	4,572	4,572
Other toilet provisions (> min.service level)	15,626	15,626	15,626	23,178	23,178	23,178	23,178	23,178	23,178
<i>Minimum Service Level and Above sub-total</i>	128,312	128,312	128,312	195,129	195,129	195,129	195,129	195,129	195,129
Bucket toilet	244	244	244	732	732	732	732	732	732
Other toilet provisions (< min.service level)	775	775	775	2,019	2,019	2,019	2,019	2,019	2,019
No toilet provisions	664	664	664	1,992	1,992	1,992	1,992	1,992	1,992
<i>Below Minimum Service Level sub-total</i>	1,683	1,683	1,683	4,743	4,743	4,743	4,743	4,743	4,743
Total number of households	129,995	129,995	129,995	199,872	199,872	199,872	199,872	199,872	199,872
Energy:									
Electricity (at least min.service level)	61,687	61,687	61,687	165,582	165,582	165,582	165,582	165,582	165,582
Electricity - prepaid (min.service level)	14,739	14,739	14,739	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	76,426	76,426	76,426	165,582	165,582	165,582	165,582	165,582	165,582
Electricity (< min.service level)	55,194	55,194	55,194	165,582	165,582	165,582	165,582	165,582	165,582
Electricity - prepaid (< min. service level)	216	216	216	648	648	648	648	648	648
Other energy sources	11,208	11,208	11,208	33,624	33,624	33,624	33,624	33,624	33,624
<i>Below Minimum Service Level sub-total</i>	66,618	66,618	66,618	199,854	199,854	199,854	199,854	199,854	199,854
Total number of households	143,044	143,044	143,044	365,436	365,436	365,436	365,436	365,436	365,436
Refuse:									
Removed at least once a week	78,509	78,509	78,509	148,848	148,848	148,848	148,848	148,848	148,848
Removed less frequently than once a week	78,509	78,509	78,509	148,848	148,848	148,848	148,848	148,848	148,848
Using communal refuse dump	3,208	3,208	3,208	9,624	9,624	9,624	9,624	9,624	9,624
Using own refuse dump	15,733	15,733	15,733	12,387	12,387	12,387	12,387	12,387	12,387
Other rubbish disposal	53,877	53,877	53,877	18,654	18,654	18,654	18,654	18,654	18,654
No rubbish disposal	185	185	185	555	555	555	555	555	555
<i>Below Minimum Service Level sub-total</i>	2,967	2,967	2,967	8,901	8,901	8,901	8,901	8,901	8,901
Total number of households	75,970	75,970	75,970	50,121	50,121	50,121	50,121	50,121	50,121
Total number of households	154,479	154,479	154,479	198,969	198,969	198,969	198,969	198,969	198,969
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)									
Total cost of FBS provided	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household									
Property rates (R value threshold)	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	200	200	200	200	200	200	200	200	200
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	30,337	35,517	29,370	35,786	35,786	35,786	-	38,291	40,971
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	39,386	39,386	39,386	-	44,112	47,641
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	33,184	33,184	33,184	-	36,304	39,208
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	30,337	35,517	29,370	108,356	108,356	108,356	-	118,706	127,820

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 22 000 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services.
3. In addition to the Free Basic Services, the Municipality also 'gives' households R210 million in free services in 2016/17, and it increases to R266 million in 2018/19. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

The Executive Mayor tabled the Key Deadlines in terms of section 21(1) (b) during August 2015.

Subsequent to the above a budget steering committee was established in terms of Regulation 393. The committee is chaired by the portfolio head of finance.

A medium term expenditure framework was compiled, discussed and recommended by the Budget steering Committee during February 2016.

The needs of the communities, backlogs as identified by the departments, priorities as identified in the Municipal strategic review was the basis of the medium term expenditure framework for 2016/2017 to 2018/2019.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality

must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

The strategy review was conducted at a three-day strategic review session held on 4 – 6 December 2013 at Misty Hills and on 19 and 20 February 2013 in house. Members of the mayoral committee, councillors, senior management and labour representatives attended the workshop.

The purpose of the workshop was the Revision of Strategic Planning 2012 – 2016 and the Performance targets and subsequent strategies. The approach followed was output-orientated and participative by nature. In order to achieve the highest degree of consensus, information technology was utilised to achieve the highest quality information in the shortest time.

The purpose of the strategic planning session was to achieve the following outputs:

- Business Definition
 - o Vision
 - o Mission
 - o Strategic goals and objectives framework
 - o Core business values
 - o Stakeholder framework
- SWOT Analysis
- Targets
- Strategic Action Plan
- High level organisational design

Linkage with national, provincial and government manifesto priorities.

The approach followed was output-orientated and participative by nature. The input of various key stakeholders, administrative and political was gathered and documented in a facilitated workshop approach.

The IDP outlines Various **PLANS**; which respond to Merafong vision and values; thereby directing strategic focus areas; key programmes and strategic projects that link to the Council's capital and operating budget.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

GT484 Merafong City - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Supporting Table on Reallocation of Budget: Strategic Objectives and Budget (continued)											
Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Basic Service Delivery		A	531,983	508,750	587,201	540,038	839,612	839,612	841,312	707,987	763,690
Municipal Institutional Development and Transformation		B	88,948	195,709	111,910	250,624	72,699	49,289	79,320	84,244	88,137
Local Economic Development		C	1	1,081	1				-	-	-
Municipal Financial Viability and Management		D	384,891	500,323	432,805	282,821	343,459	282,821	308,334	482,516	516,199
Good Governance and Public Participation		E	114,446	419	2,221	2,228	6,275	4,299	5,025	2,608	2,657
Integrated Spatial Development Framework		F	380	640	346	353	6,065	2,693	2,827	3,022	3,230
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			1,120,649	1,206,922	1,134,484	1,076,064	1,268,109	1,178,714	1,236,819	1,280,377	1,373,912

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

GT484 Merafong City - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Supporting Table 2: Recommendation 2.1.2: Strategic Objectives and Budget (Operating Expenditure)											
Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Basic Service Delivery		A	665,961	617,961	754,145	577,819	761,335	761,335	864,235	872,407	944,567
Municipal Institutional Development and Transformation		B	39,208	57,270	59,301	54,259	72,699	49,289	75,933	80,626	84,271
Local Economic Development		C	3,777	4,037	5,702	1,897	271	1,897	105	108	110
Municipal Financial Viability and Management		D	59,699	81,967	215,617	197,540	167,835	202,511	224,636	248,718	265,417
Good Governance and Public Participation		E	385,298	464,098	351,404	309,567	319,287	343,378	276,084	305,132	321,173
Integrated Spatial Development Framework		F	13,335	12,133	22,453	11,301	11,323	13,198	11,761	12,645	13,477
Allocations to other priorities											
Total Expenditure			1,167,278	1,237,467	1,408,622	1,152,384	1,332,749	1,371,609	1,452,754	1,519,636	1,629,014

Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

GT484 Merafong City - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Basic Service Delivery		A	189,528	173,838	189,583	71,808	211,063	162,950	147,803	95,300	112,666
Municipal Institutional Development and Transformation		B		1,079							
Local Economic Development		C	-		3,006	4,200	2,600	2,600	2,629	-	-
Municipal Financial Viability and Management		D	1,272	3,257			2,550	2,550	1,460	1,489	1,519
Good Governance and Public Participation		E			7,063						
Integrated Spatial Development Framework		F	3,993	3,240	-						
Allocations to other priorities											
Total Capital Expenditure			194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

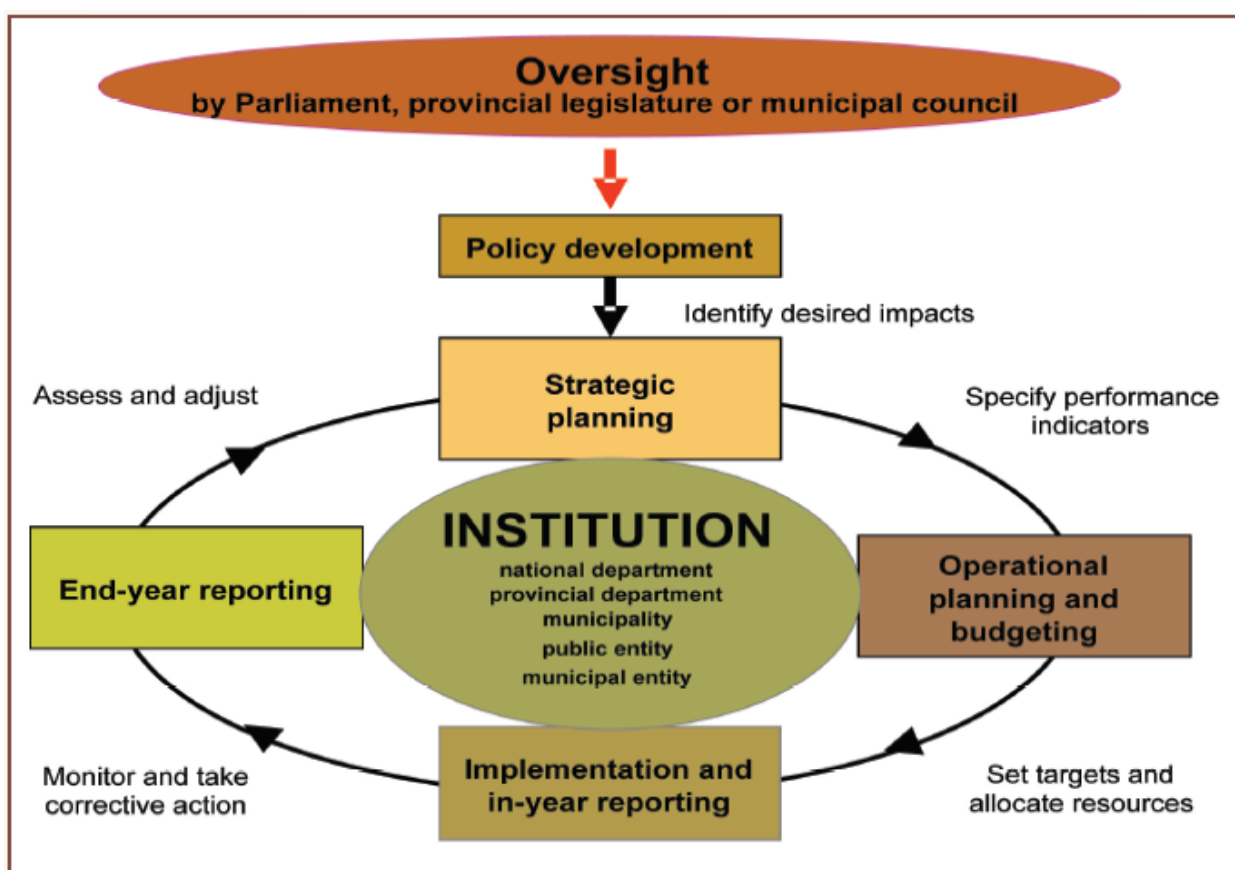


Figure 4 Planning, budgeting and reporting cycle

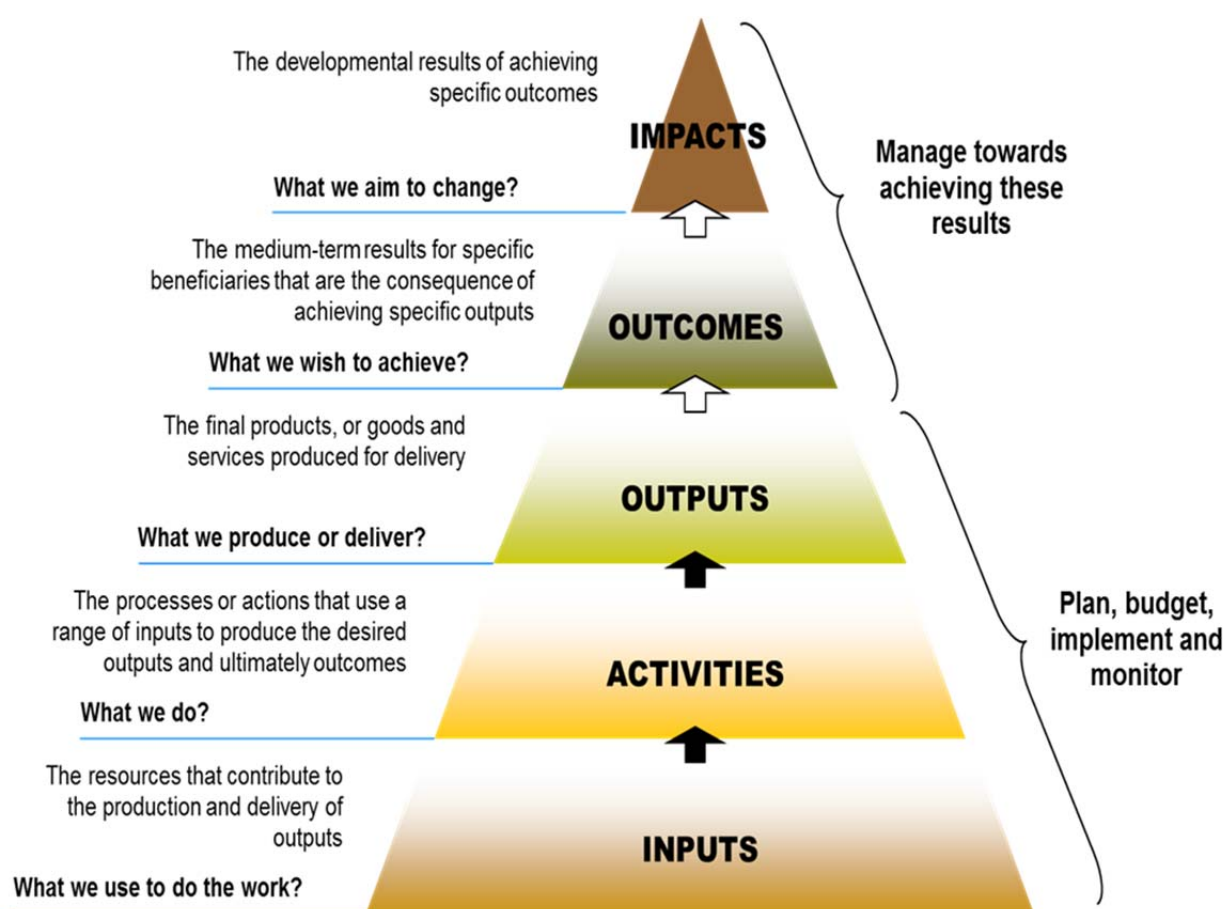
The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);

- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Figure 5 Definition of performance information concepts



The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

Table 28 MBRR Table SA8 - Performance indicators and benchmarks

GT484 Merafong City - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.1%	1.0%	1.0%	1.9%	1.5%	1.5%	1.5%	1.4%	1.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.3%	1.5%	1.7%	2.3%	2.0%	2.0%	2.0%	1.9%	1.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	60.0%	0.0%	89.7%	89.7%	0.0%	0.0%	0.0%
Safety of Capital										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity										
Current Ratio	Current assets/current liabilities	1.1	1.3	0.9	1.2	0.7	0.9	0.6	0.5	0.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	1.3	0.9	1.2	0.7	0.9	0.6	0.5	0.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.5	0.2	0.4	-	-	-	-	-
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.2%	83.2%	81.5%	87.5%	69.3%	0.0%	66.9%	65.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		93.9%	83.2%	81.5%	87.5%	69.3%	69.3%	66.9%	65.1%	65.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	19.4%	21.4%	22.9%	24.3%	22.5%	22.5%	21.5%	20.7%	19.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	100.0%	100.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Creditors to Cash and Investments		33.2%	90.6%	315.6%	211.7%	-154.4%	-260.9%	-75.9%	-49.2%	-31.1%
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	42999	47579							
	Total Cost of Losses (Rand '000)	27,244	39,982							
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0							
Water Distribution Losses (2)	Total Volume Losses (kℓ)	4,631	5,509							
	Total Cost of Losses (Rand '000)	23229	30348							
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0							
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.4%	24.8%	27.6%	27.0%	26.0%	26.0%	26.5%	27.4%	27.3%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.7%	26.2%	26.1%	28.5%	27.5%	27.5%	28.2%	29.1%	29.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.8%	6.5%	2.7%	2.4%	1.7%	1.7%	2.2%	2.2%	2.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.2%	3.2%	4.6%	3.8%	3.1%	3.1%	3.3%	3.2%	3.0%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	32.0	47.4	12.9	61.2	61.2	61.2	14.9	15.1	16.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	29.5%	32.9%	35.6%	33.7%	32.0%	32.0%	29.3%	27.3%	25.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.9	2.5	0.9	1.6	(1.2)	(0.7)	(2.3)	(3.3)	(4.2)

2.3.1 Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Merafong City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality debt portfolio is dominated by annuity

loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreasing from 3.1 per cent in 2012/13 to 1.5 per cent in 2016/17. This decrease can be attributed to the repayment of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Council has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 0 per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

Liquidity

Current ratio

Current ratio measures the ability of the Municipality to pay its current liabilities out of the current assets. The industry usually looks for a ratio of 2:1, however the acceptable current ratio is 1:1 for municipalities.

The current ratio is 0.6:1 which means that the Municipality will not be able to meet its short term obligation if the trend continues.

Revenue Management

Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)

A revenue enhancement strategy was developed and the roll out plan has commenced. A no tolerance approach in terms of council's credit control policy will be enforced on non-indigent defaulters.

Outstanding debtors to Revenue

This ratio gives an indication of how liquid customer's debtors are. The benchmark is 8.3%. The benchmark is exceeded. The municipality needs to look at ways of improving their credit control. The average for the Municipality for the past two years was 22.9% and 22.5% respectively.

Creditors Management

- **Creditors System Efficiency**

The ratio gives an indication of average creditor's payment period. The benchmark is 30 Days and is a contravention of Section 65(2) (e) if creditors are not paid in 30 days

Other Indicators

- **Employee costs**

The ratio indicates a percentage of salary costs to total expenditure and this ratio could illustrate the risk of salary costs being unmanageable.

Employee costs totalled 26.5% of the total expenditure for the 2016/17 financial year. This ratio is maintained within the limit of 35 %.

- **Cost coverage**

This ratio indicates the availability of cash plus short term investments to cover the monthly fixed operating expenditure.

Council does not have sufficient cash to cover current liabilities.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

Budgeting is central to the process of prioritizing for service delivery and the management of the functions of Council. The Municipality's budgeting process is guided and governed by relevant legislation and budget related policies.

Council had in terms of Regulation 7 and 8 of Local Government Gazette 32141 reviewed the budget related policies and bylaws for Merafong Local Council.

The following policies are amended or are new policies that need to be adopted by Council.

The policies were submitted to Management for their inputs.

The following are the key policies that affect or are affected by the annual budget that needs to be reviewed and amended if necessary.

Tariff Policy

The Municipal Systems Act, Act 32 of 2000, requires a municipality to have a tariff determination policy.

The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments and entities (and so sustainability of service provision) and ensuring affordability of those services by consumers.

The Municipality Tariff Policy provides a broad framework within which Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision.

This policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of. In addition to the policy, and for operational purposes, tariff setting methodologies have been developed for the various departments and entities involved in trading services. The methodology specifies the procedure that departments and municipal entities should follow in determining their tariff increases:

Property Rates Policy

The Municipality has revised its Rates Policy as per the legislative requirements. The new policy provides that properties be rated based on the value of their land and improvements. Sectional title owners will also be drawn into the rates base. A new valuation roll is accordingly in place. The first Rates Policy and General Valuation Roll in terms of the Municipal Property Rates Act (MPRA) were implemented by the Municipality on the 01st July 2008.

The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates. This will affect the rates payable by the Municipality's property owners, and ultimately impact on the Municipality's own revenue stream.

Credit Control and Debt Collections Policy

The Municipalities Credit Control and Debt Collection Policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the Municipality in respect of rates,

fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

Indigent and Free Basic Services Subsidies Policy

Council had adopt an Indigent and Free Basic Services Subsidy Policy, which embodies and provide procedures and guidelines for the subsidization of basic services and tariff charges to indigent households in its municipal area.

The object of the Indigent and Free Basic Services Subsidy Policy is to ensure:

- (a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Municipality of the Council; and
- (b) The provision of procedures and guidelines for the subsidisation of basic service charges to indigent households.

Debt Write Off Policy

This policy serves to assist management and officials of the municipality to implement and maintain consistent, efficient and effective bad debts management principles. This policy will also assist management to run the municipality in a cost effective manner and yet achieving high levels of revenue collection. The policy also seeks to mitigate the risk of fraudulent writing off of fictitious bad debts.

PURPOSE

- To ensure that bad debt write-offs are authorized at appropriate levels.
- To ensure that only bona fide bad debts are written off.
- To ensure firmness in writing off bad debts.
- To ensure that debt collection is effective and efficient.
- To ensure that bad debts are kept within reasonable proportions.
- To ensure that the estimated loss resulting from bad debts is provided for during the same period that the income to which it is related is earned, and
- To ensure that the outstanding debtors appear in the monthly balance sheet at net realizable value, since the provision is deducted from the gross amount of the debtors.

Supply Chain Management Policy

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

The Municipality has an approved Supply Chain Management Policy, within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

A procurement system which is fair, equitable, transparent, competitive and cost- effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996;

- As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations;

- Best practices in supply chain management;
- Uniformity in supply chain management systems between organs of state in all spheres;
- Broad Based Black Economic Empowerment.

Additional Policies

- Asset Management Policy
- Cash Management Policy
- Borrowing Policy
- Funding and Reserve Policy
- Virement Policy
- Long-term Financial Planning Policy
- Capital Investment Policy
- Budget Policy
-
-

Bylaws

- Property Rates
- Tariffs
- Credit Control and Collections
- Indigent and Free Basic Services Subsidies

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

The 2016/17 – 2018/19 Medium Term Budget has been prepared within a highly volatile and highly uncertain economic environment, making the budgeting process even more challenging.

Drastic changes have occurred within the global and domestic economy in the past two years, and these changes had a profound impact on the assumptions drawn to prepare the budget.

The following aspects were taken into account in the preparation of the 2016/17– 2018/19 Medium Term Budget.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, these tariffs are largely outside the control of the Council. Discounting the impact of these price increases in lower consumer tariffs will erode the Council future financial position and viability

Council's average payment levels for the past six months were 65%.

The biggest concern is still the non - payment by Blyvooruitzicht mine. This has not been resolved. The community has lodged an application to force the municipality to ensure a continues provision of water.

The valuation appeal processes were completed. The valuation appeal board had ruled that that the valuations of the mines be amended. It had serious implications for council. Council is applying for a review of the outcome of the valuation Appeal Board.

It was resolved that a supplementary valuation roll must be done. The mines once again are appealing the outcome of the supplementary roll, although it was done in line with the valuation appeal boards ruling.

The large increases and the change of the local economic conditions such as the down turn in the property market, trends in household incomes and unemployment are counterproductive, resulting in higher levels of non-payment and increased bad debts.

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

With the introduction of the new equitable share formula and the updated 2011 Census data used in the formula, Merafong had experienced large changes in their equitable share and MIG allocations.

Due to the decrease in the Equitable Share and amendments to the mines valuations no provision can be made for any additional funding to fill vacant positions and Repairs and Maintenance will have to be cut back.

The renewal of council's assets was the main focus in the 2015/2016 MTREF.

It was planned that repairs and maintenance must grow by 20% per year to ensure that council will extend the life span of the existing assets and not needs to replace them.

Due to the decrease in the equitable share and the amendments to the mines valuations council will not be in a position the increase the budget by 20% and the focus on renewal of assets had to be postponed.

The effective implementation of the credit control policy of council remains a challenge. Credit control will be rolled out to all areas within Merafong.

The provision of debt impairment was determined based on an annual collection rate of 65 per cent and the Debt Write-off Policy of the City. For the 2016/17 financial year this amount equates to R288 million.

The large tariff increases, and the change of the local economic conditions such as the down turn in the property market, trends in household incomes and unemployment were counterproductive, resulting in higher levels of non-payment and increased bad debts.

Council's average payment levels for the past six months were 65%. Council budgeted for a payment level of 65% for the financial year.

The department had commenced with an outreach program to promote the payment of services. Council had commenced with serious credit control actions in all areas of Merafong. This was communicated to the community and ward committees during the budget consultation program.

A revenue enhancement strategy was developed and the roll out plan has commenced. A no tolerance approach in terms of council's credit control policy will be enforced on non-indigent defaulters.

Municipal Infrastructure Grant will decrease over the next two years and then increased again.

This will negatively affect council's ability to render services and reduce backlogs. Programs planned for the outer years had to be cut back and reprioritised.

General inflation outlook and its impact on the municipal activities

Headline inflation forecasts

Municipalities must take the following inflation forecasts into consideration when preparing their budgets for 2016/17 and MTREF

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast		
CPI Inflation	5.6	5.4	6.6	6.2	5.9
Real GDP Growth	1.6	0.9	1.2	1.9	2.5

Summary of budget assumptions

For the 2016/2017 financial year the Council, from the outset, based the guideline on the growth rates on 6% of the original budgeted amounts submitted to National Treasury for the 2015/2016 financial year. This was in line with the Reserve Banks inflation targets. However, during the 2016/2017 budgeting process, the main objective of the Council was to adhere to the prerequisite from National Treasury that Municipalities must pass budgets that are balanced and cash funded. This is not possible as discussed above. Council will not be in a position to table a cash funded budget

2.6 Overview of Budget Funding

Medium-term outlook: operating revenue

Table 29 breakdown of the operating revenue over the medium-term:

GT484 Merafong City - Table A1 Budget Summary								
Description			2016/17 Medium Term Revenue & Expenditure Framework					
R thousands	Adjusted Budget		2016/2017		2017/2018		2018/2019	
Financial Performance								
Property rates	212,542	11.03%	227,402	6.99%	241,046	6.00%	255,509	6.00%
Service charges	616,694	14.98%	678,402	10.01%	730,591	7.69%	786,832	7.70%
Investment revenue	2,786	-66.00%	2,786	0.00%	2,786	0.00%	2,953	6.00%
Transfers recognised - operational	231,875	-25.58%	206,523	-10.93%	176,945	-14.32%	191,869	8.43%
Other own revenue	114,818	32.03%	121,707	6.00%	129,009	6.00%	136,750	6.00%
Total Expenditure	1,178,714	3.90%	1,236,819	4.93%	1,280,377	3.52%	1,373,912	7.31%

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

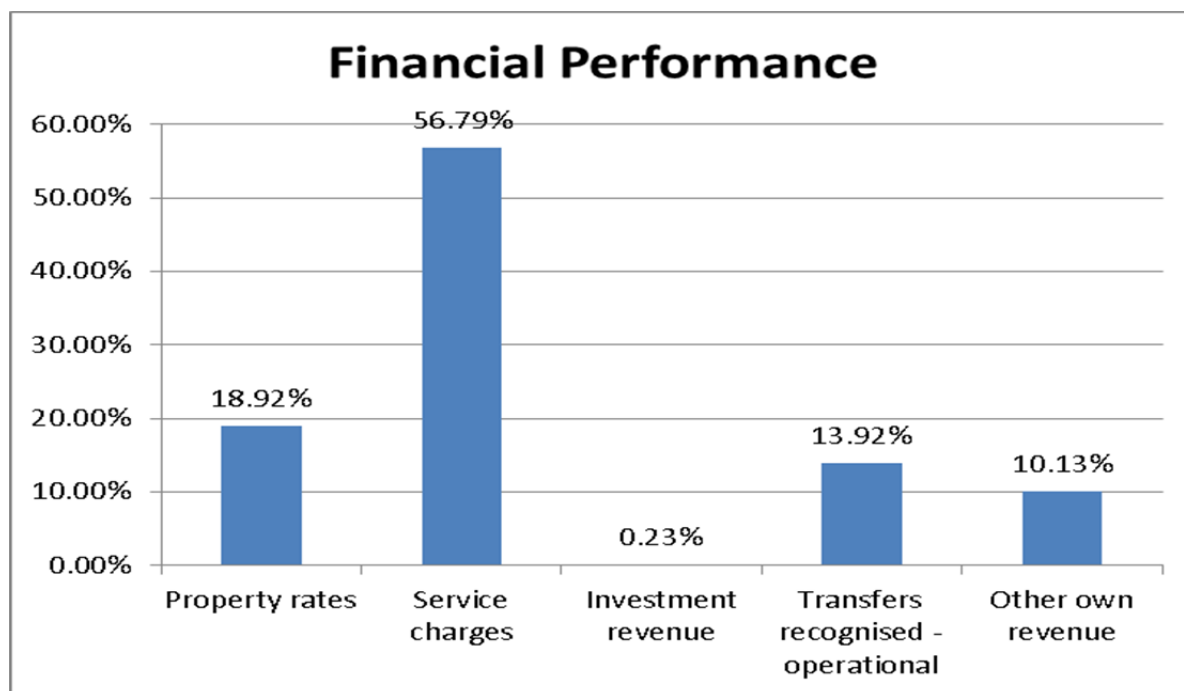


Figure 6 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;

- Revenue management and enhancement;
- Achievement of a 65.00 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Statement of tariff setting and revenue strategies

Tariff-setting is a pivotal and strategic part of the compilation of any budget. The Council annually reviews its tariffs to ascertain whether they are still capable of producing the required revenue envelope, taking note of the prevailing trends. This process of tariff setting takes place within the framework of the Council tariff policy. The tariff policy is premised on principles of financial sustainability, social considerations as relates to the affordability of services, economic soundness and environmental considerations.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target.

While the municipality is committed to maintaining tariff increases within the forecasted inflation, increases above inflation are applied to some services (mainly major trading services) due to budgetary requirements aimed at sustaining service provision.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, these tariffs are largely outside the control of the Council. Discounting the impact of these price increases in lower consumer tariffs will erode the Council future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Council is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

For the 2016/17 financial year tariffs increases for the major services were primarily driven by the following broad considerations:

- Political and social considerations;
- Move towards cost reflective tariffs over the medium term to ensure financial, and so service delivery, sustainability- cost recovery will be phased in gradually in consideration of affordability of services;

- Maintaining the Councils infrastructure in good state of repair, mindful of the affordability of services;
- Increase in bulk purchases;
- Capital investment plans;
- Current national electricity constraints;
- Trends in the national and local economy;
- The impact of inflation and other cost increases;

Within this framework the Council has undertaken the tariff setting process relating to service charges as follows:

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 30 Proposed tariff increases over the medium-term

Revenue Category	2016/17 Proposed increase	2017/18 Proposed increase	2018/19 Proposed increase	2016/17 additional revenue owing to % tariff increases	2016/17 Total Budgeted revenue
	%	%	%	R0	R0
Property Rates	7	6	6	14,852	227,028
Electricity	7.64	8	8	21 329	282 810
Water	12	8	8	30,579	291,482
Sanitation	8	6	6	4,818	43,408
Refuse	7	6	6	4,965	59,866
Total	8.4	7.4	7.3	76 543	904 594

Revenue to be generated from property rates is R227 million in the 2016/17 financial year and increases to R255 Million by 2018/19 which represents 18 per cent of the operating revenue base of the Municipality.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R678 Million for the 2016/17 financial year and increasing to R786 million by 2018/19. For the 2016/17 financial year services charges amount to 56 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R206 million, R177 million and R192 million for each of the respective financial years of the MTREF, or 17.00, 14.00 and 14.00 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are decreasing rapidly over the first two years but increase in 2018/19. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 31 MBRR SA15 – Detail Investment Information

GT484 Merafong City - Table A1 Budget Summary								
Description			2016/17 Medium Term Revenue & Expenditure Framework					
R thousands	Adjusted Budget		2016/2017		2017/2018		2018/2019	
<u>Capital expenditure & funds sources</u>								
Capital expenditure	216,213	184%	151,892	-30%	96,789	-36%	114,185	18%
Transfers recognised - capital	184,648	143%	143,332	-22%	95,300	-34%	112,666	18%
Water	-		-		-		-	
Waste water management	28,300		7,100	-75%	-	-100%	-	
Waste management	3,266		1,460	-55%	1,489	2%	1,519	2%
Total sources of capital funds	216,213	184%	151,892	-30%	96,789	-36%	114,185	18%

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

GT484 Merafong City - Table A1 Budget Summary								
Description			2016/17 Medium Term Revenue & Expenditure Framework					
R thousands	Adjusted Budget		2016/2017		2017/2018		2018/2019	
<u>Capital expenditure & funds sources</u>								
Capital expenditure	216,213	184%	151,892	-30%	96,789	-36%	114,185	18%
Transfers recognised - capital	184,648	143%	143,332	-22%	95,300	-34%	112,666	18%
Water	-		-		-		-	
Waste water management	28,300		7,100	-75%	-	-100%	-	
Waste management	3,266		1,460	-55%	1,489	2%	1,519	2%
Total sources of capital funds	216,213	184%	151,892	-30%	96,789	-36%	114,185	18%

The above table is graphically represented as follows for the 2016/17 financial year.

Capital grants and receipts equates to 99 per cent of the total funding source which represents R143.3 million for the 2016/17 financial year and decrease to R 112.7 million or 99 per cent by 2018/19

The following table is a detailed analysis of the Municipality borrowing liability.

Table 33 MBRR Table SA 17 - Detail of borrowings

GT484 Merafong City - Supporting Table SA17 Borrowing									
Borrowing - Categorized by type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)	44,893	36,371	122,865	117,680	70,785	70,785	65,331	57,815	50,300
Local registered stock									
Instalment Credit									
Financial Leases	3,120	2,316	2,649	1,812	922	922	577	294	52
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	48,013	38,686	125,514	119,492	71,708	71,708	65,908	58,110	50,352

The following graph illustrates the outstanding borrowing balances for the 2012/13 to 2017/18 period.

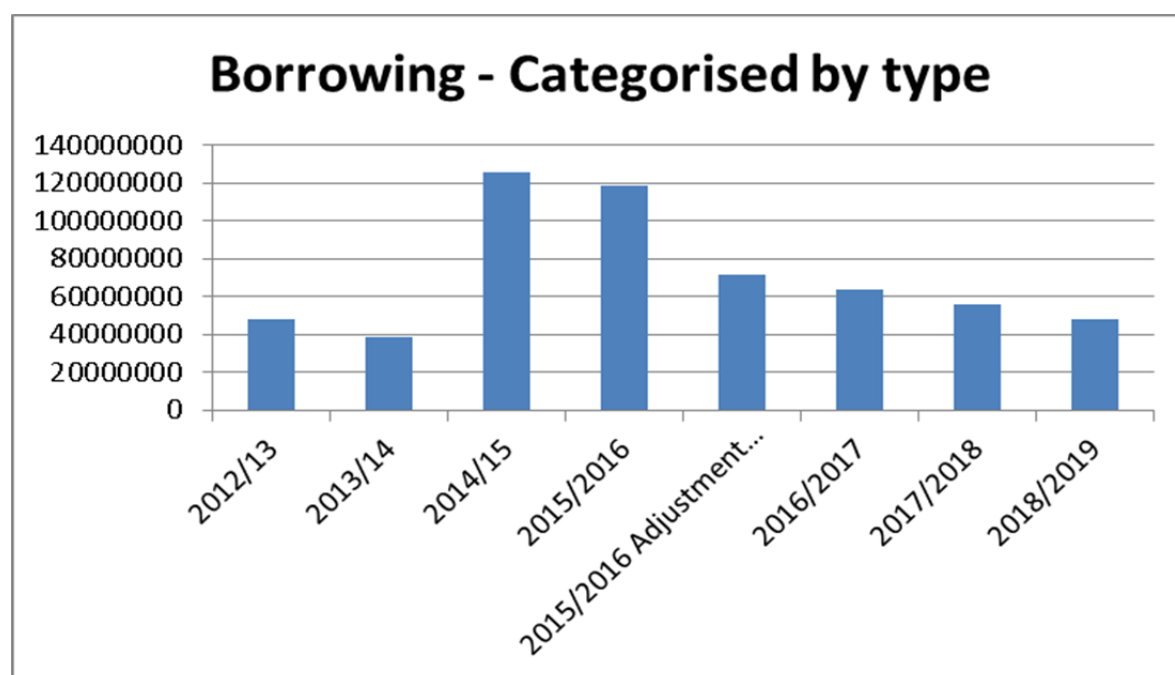


Figure 7 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 34 MBRR Table SA 18 - Capital transfers and grants receipts

GT484 Merafong City - Supporting Table SA18 Transfers and grant receipts									
Description	2012/13	2013/14	2014/15	2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2016/2017	2017/2018	2018/2019
RECEIPTS:									
<u>Capital Transfers and Grants</u>									
National Government:	82,743	88,732	63,929	76,008	76,008	76,008	98,283	95,300	112,666
Municipal Infrastructure Grant (MIG)	71,663	66,732	57,929	56,008	56,008	56,008	55,283	59,300	62,666
National Electrification Programme	7,400	22,000	6,000	10,000	10,000	10,000	15,000	16,000	20,000
Department of Sports, arts, culture and recreation	3,680								
Human Settlement Grant							8,000		
Energy Efficiency and Demand Side Management				5,000	5,000	5,000			
Municipal Water Infrastructure grant				5,000	5,000	5,000	20,000	20,000	30,000
Provincial Government:	59,999	-	91,423	-	121,786	121,786	-	-	-
Human Settlement Grant	59,999	-	91,423	-	121,786	121,786			
District Municipality:	-	-	-	-	-	-	-	-	-
water	-	-	-	-					
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	142,742	88,732	155,352	76,008	197,794	197,794	98,283	95,300	112,666

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 35 MBRR Table A7 - Budget cash flow statement

GT484 Merafong City - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	217,777	269,438	147,169	132,692	104,383	104,383	147,942	156,818	166,227
Service charges	472,582	382,804	445,766	544,602	470,434	470,434	458,489	476,134	512,784
Other revenue	22,116	24,769	40,231	65,099	282,540	282,540	66,195	70,167	74,377
Government - operating	317,919	189,311	311,562	183,241	230,199	230,199	206,523	176,945	191,869
Government - capital	197,440	98,859	72,208	76,008	184,648	184,648	98,283	92,508	92,508
Interest	17,089	16,863	8,194	52,059	2,786	2,786	21,924	60,748	64,393
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(923,365)	(1,017,943)	(950,674)	(937,389)	(1,271,925)	(1,271,925)	(998,382)	(1,040,961)	(1,109,215)
Finance charges	(6,993)	(4,452)	(3,423)	(8,459)	(7,200)	(7,200)	(12,400)	(12,400)	(12,400)
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	314,565	(40,351)	71,033	107,852	(4,135)	(4,135)	(11,426)	(20,041)	(19,457)
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	(5,796)	-	-	-	-	-	830	880	933
Decrease (Increase) in non-current debtors	2,509	2	2	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(443)	(482)	(574)	-	-	-	-	-	-
Payments									
Capital assets	(154,426)	(181,413)	(199,468)	(76,008)	(216,213)	(168,100)	(151,892)	(95,300)	(112,666)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(158,156)	(181,894)	(200,041)	(76,008)	(216,213)	(168,100)	(151,062)	(94,420)	(111,733)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	21,000	-	28,300	28,300	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-
Payments									
Repayment of borrowing	(27,135)	(8,247)	(9,990)	(11,799)	(11,799)	(11,799)	(8,503)	(8,503)	(8,503)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(27,135)	(8,247)	11,010	(11,799)	16,501	16,501	(8,503)	(8,503)	(8,503)
NET INCREASE/ (DECREASE) IN CASH HELD	129,274	(230,492)	(117,998)	20,045	(203,848)	(155,735)	(170,990)	(122,963)	(139,692)
Cash/cash equivalents at the year begin:	305,164	434,439	203,946	108,506	85,948	85,948	(69,787)	(240,777)	(363,740)
Cash/cash equivalents at the year end:	434,439	203,947	85,948	128,551	(117,900)	(69,787)	(240,777)	(363,740)	(503,432)

It can be seen that the cash levels of the Municipality seriously decreasing from the 2015/16 financial year to 2016/17 period owing directly to a net decrease in cash for the 2016/17 financial year of R170.9 million.

The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Cash and cash equivalents totals R128.5 Million as at the end of the 2014/15 financial year and escalates to R503.4 Million overdraft by 2018/19.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 36 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

GT484 Merafong City - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	434,439	203,947	85,948	128,551	(117,900)	(69,787)	(240,777)	(363,740)	(503,432)
Other current investments > 90 days	(0)	(1)	-	-	-	0	-	-	-
Non current assets - Investments	10,215	10,698	11,272	11,589	3,772	3,772	-	-	-
Cash and investments available:	444,653	214,643	97,220	140,140	(114,128)	(66,015)	(240,777)	(363,740)	(503,432)
Application of cash and investments									
Unspent conditional transfers	348,323	109,463	17,835	0	0	0	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(52,881)	(22,318)	69,518	52,233	(59,131)	(59,131)	8,851	9,472	(13,132)
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
Total Application of cash and investments:	295,441	87,145	87,353	52,233	(59,131)	(59,131)	8,851	9,472	(13,132)
Surplus(shortfall)	149,212	127,498	9,866	87,907	(54,997)	(6,884)	(249,628)	(373,212)	(490,300)

From the table it can be seen that for the period 2012/13 to 2016/17 the surplus decreased from R149.3 million to a deficit of R249.6 million.

Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF is unfunded.

As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

It can be concluded that the Municipality has a serious deficit against the cash backed and accumulated surpluses reconciliation.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 37 MBRR SA10 – Funding compliance measurement

GT484 Merafong City Supporting Table SA10 Funding measurement										
Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	434,439	203,947	85,948	128,551	(117,900)	(69,787)	(240,777)	(363,740)	(503,432)
Cash + investments at the yr end less applications - R'000	18(1)b	149,212	127,498	9,866	87,907	(54,997)	(6,884)	(249,628)	(373,212)	(490,300)
Cash year end/monthly employee/supplier payments	18(1)b	5.9	2.5	0.9	1.6	(1.2)	(0.7)	(2.3)	(3.3)	(4.2)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	228,471	151,081	(31,613)	77,553	68,073	19,960	(72,603)	(143,959)	(127,257)
Service charge rev % change - macro CPI-X target exclusive	18(1)a,(2)	N.A.	0.5%	(13.1%)	0.3%	1.2%	(6.0%)	3.2%	1.3%	1.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	90.7%	80.2%	77.7%	84.1%	90.9%	90.9%	65.5%	63.9%	63.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	25.6%	16.2%	34.5%	12.5%	36.0%	36.0%	37.1%	37.1%	37.0%
Capital payments % of capital expenditure	18(1)c,19	79.3%	100.1%	99.9%	100.0%	100.0%	100.0%	100.0%	98.5%	98.7%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	60.0%	0.0%	89.7%	89.7%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							114.8%	100.0%	100.0%
Current consumer debtors % change - inc/(decr)	18(1)a	N.A.	18.8%	0.5%	0.7%	1.5%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - inc/(decr)	18(1)a	N.A.	(23.8%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.5%	2.7%	1.0%	0.9%	0.6%	0.6%	0.9%	0.9%	0.9%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 MTREF shows an overdraft of R240.7 Million, R363.7 Million and R503.4 Million for each respective financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in **Table 22, on page 42**. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to

SA2 position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. For the 2016/17 MTREF the indicative outcome is a deficit of R138 million.

Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 65 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 65 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 35 per cent over the MTREF. The provision is not the accepted leading practice.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtor's accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 52 MBRR SA34C on page 88.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on Grants and Reconciliations of Unspent Funds

Table 38 MBRR SA19 - Expenditure on transfers and grant programmes

GT484 Merafong City - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	186,892	192,065	180,467	172,625	172,625	172,625	167,301	162,473	176,847
Local Government Equitable Share	185,846	185,846	175,979	168,320	168,320	168,320	162,952	159,408	173,714
Finance Management	564	1,549	1,600	1,600	1,600	1,600	1,625	1,700	1,700
Municipal Systems Improvement	482	478	934	930	930	930	1,300	1,365	1,433
EPWP Incentive		4,191	1,954	1,775	1,775	1,775	1,424	-	-
Other transfers/grants [insert description]									
Provincial Government:	142,756	169,930	6,610	9,052	10,728	10,728	39,222	14,472	15,022
Housing	142,756	164,903					26,300		
Department of Sports, arts, culture and recreation		5,028	5,331	9,052	9,903	9,903	11,422	13,422	13,922
Agricultural and Rural Development			1,279		825	825			
EPWP Incentive							500		
Department of Cooperative Governance and Traditional Affairs							1,000	1,050	1,100
District Municipality:	2,291	1,457	2,830	1,564	1,564	1,564	-	-	-
HIV Programme	1,791	1,457	2,830	1,564	1,564	1,564			
Water	500								
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total operating expenditure of Transfers and Grants	331,939	363,452	189,907	183,241	184,917	184,917	206,523	176,945	191,869
Capital expenditure of Transfers and Grants									
National Government:	85,763	86,315	84,238	76,008	76,008	76,008	98,283	95,300	112,666
Municipal Infrastructure Grant (MIG)	67,595	70,701	70,238	56,008	56,008	56,008	55,283	59,300	62,666
National Electrification Programme	14,596	15,614	10,000	10,000	10,000	10,000	15,000	16,000	20,000
Department of Sports, arts, culture and recreation	3,573		-						
Department of Water and Sanitation			-				8,000		
Energy Efficiency and Demand Side Management			4,000	5,000	5,000	5,000			
Municipal Water Infrastructure grant				5,000	5,000	5,000	20,000	20,000	30,000
Provincial Government:	97,657	82,035	91,423	-	121,786	73,973	47,813	-	-
Human Settlement Grant	97,657	82,035	91,423	-	121,786	73,973	47,813		
District Municipality:	-	-	-	-	-	-	-	-	-
water									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total capital expenditure of Transfers and Grants	183,420	168,350	175,662	76,008	197,794	149,981	146,096	95,300	112,666
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	515,359	531,802	365,569	259,249	382,711	334,898	352,619	272,245	304,535

Table 39 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

GT484 Merafong City - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	5,118	-							
Current year receipts	189,696	189,696	182,807	172,625	172,625	172,625	167,301	162,473	176,847
Conditions met - transferred to revenue	194,814	189,696	182,807	172,625	172,625	172,625	167,301	162,473	176,847
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year		196,929	42,037		13,146	13,146			
Current year receipts	240,815	15,038	125,840	9,877	10,728	10,728	39,222	14,472	15,022
Conditions met - transferred to revenue	142,756	169,930	154,731	9,877	23,874	23,874	39,222	14,472	15,022
Conditions still to be met - transferred to liabilities	98,059	42,037	13,146						
District Municipality:									
Balance unspent at beginning of the year		795	795						
Current year receipts	3,086	1,457	1,415	1,564	1,564	1,564	-	-	-
Conditions met - transferred to revenue	2,291	1,457	2,210	1,564	1,564	1,564	-	-	-
Conditions still to be met - transferred to liabilities	795	795	-						
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	339,861	361,083	339,748	184,066	198,063	198,063	206,523	176,945	191,869
Total operating transfers and grants - CTBM	98,854	42,832	13,146	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	20,906	17,885	20,302						
Current year receipts	82,743	88,732	84,238	76,008	76,008	76,008	98,283	95,300	112,666
Conditions met - transferred to revenue	85,763	86,315	104,541	76,008	76,008	76,008	98,283	95,300	112,666
Conditions still to be met - transferred to liabilities	17,885	20,302	-						
Provincial Government:									
Balance unspent at beginning of the year	260,274	123,746	41,711		4,261	-	47,813		
Current year receipts	59,999	-	80,422	-	121,786	121,786	-	-	-
Conditions met - transferred to revenue	97,657	82,035	117,873	-	126,046	73,973	47,813	-	-
Conditions still to be met - transferred to liabilities	222,616	41,711	4,261			47,813			
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	1,045								
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	1,045								
Total capital transfers and grants revenue	183,420	168,350	222,414	76,008	202,054	149,981	146,096	95,300	112,666
Total capital transfers and grants - CTBM	241,547	62,014	4,261	-	-	47,813	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	523,281	529,433	562,162	260,074	400,118	348,044	352,619	272,245	304,535
TOTAL TRANSFERS AND GRANTS - CTBM	340,401	104,846	17,407	-	-	47,813	-	-	-

2.8 Councillor and employee benefits

Table 40 MBRR SA22 - Summary of councillor and staff benefits

GT484 Merafong City - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	16,619	16,619	16,619	16,227	17,610	17,610	20,983	22,242	23,576
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	16,619	16,619	16,619	16,227	17,610	17,610	20,983	22,242	23,576
% increase		-	-	(2.4%)	8.5%	-	19.2%	6.0%	6.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	6,432	7,240	8,636	10,640	10,640	10,640	13,243	14,038	14,880
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus	956	962	1,036	1,187	1,187	1,187	1,589	1,780	1,994
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	7,389	8,201	9,672	11,827	11,827	11,827	14,833	15,818	16,874
% increase		11.0%	17.9%	22.3%	-	-	25.4%	6.6%	6.7%
Other Municipal Staff									
Basic Salaries and Wages	156,690	174,156	153,523	162,626	162,626	162,626	180,678	193,326	206,859
Pension and UIF Contributions	37,588	57,034	44,299	33,132	33,132	33,132	35,839	38,347	41,032
Medical Aid Contributions	16,358	18,029	18,406	18,645	18,645	18,645	21,618	23,132	24,751
Overtime	27,533	23,583	18,467	15,509	15,509	15,509	13,915	14,889	15,932
Performance Bonus					15,339	15,339	14,055	15,092	16,199
Motor Vehicle Allowance	8,039	9,021	8,856	10,102	10,102	10,102	10,477	11,211	11,996
Cellphone Allowance		-	2,493	2,245	2,245	2,245	2,281	2,441	2,612
Housing Allowances	1,334	1,334	1,558	1,813	1,813	1,813	1,859	1,989	2,129
Other benefits and allowances	3,357	5,145	8,677	18,655	18,655	18,655	4,401	4,709	5,039
Payments in lieu of leave			5,936	7,800	7,800	7,800	8,772	9,386	10,043
Long service awards	1,559	2,678	1,123	1,945	1,945	1,945	1,755	1,878	2,009
Post-retirement benefit obligations			6,000	6,600	6,600	6,600	17,191	18,394	19,682
Sub Total - Other Municipal Staff	252,459	290,982	269,338	279,072	294,411	294,411	312,843	334,794	358,281
% increase		15.3%	(7.4%)	3.6%	5.5%	-	6.3%	7.0%	7.0%
Total Parent Municipality	276,467	315,802	295,629	307,126	323,849	323,849	348,658	372,854	398,731
		14.2%	(6.4%)	3.9%	5.4%	-	7.7%	6.9%	6.9%

Table 41 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

GT484 Merafong City - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior manager

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker		657,145					657,145
Chief Whip		616,077					616,077
Executive Mayor		821,435					821,435
Deputy Executive Mayor							-
Executive Committee		6,735,774					6,735,774
Total for all other councillors		12,152,301					12,152,301
Total Councillors	-	20,982,732	-	-			20,982,732
Senior Managers of the Municipality							
Municipal Manager (MM)		1,882,154			225,858		2,108,012
Chief Finance Officer		1,623,043			194,765		1,817,808
Chief Operating Officer		1,623,043			194,765		1,817,808
Executive Director: Infrastructure Development		1,623,043			194,765		1,817,808
Executive Director: Community Services		1,623,043			194,765		1,817,808
Executive Director: Shared Services		1,623,043			194,765		1,817,808
<i>List of each official with packages >= senior manager</i>							
Executive Director: Economic Development and Spatial Planning		1,623,043			194,765		1,817,808
Executive Director: Chief of Staff		1,623,043			194,765		1,817,808
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	-	13,243,455	-	-	1,589,213		14,832,668

Table 42 MBRR SA24 – Summary of personnel numbers

GT484 Merafong City - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	56	56		56	56		56	56	
Board Members of municipal entities		-			-			-	
Municipal employees		-			-			-	
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	26	26		26	26		26	26	
Professionals	28	28	-	28	28	-	28	28	-
Finance	4	4		4	4		4	4	
Spatial/town planning	1	1		1	1		1	1	
Information Technology	1	1		1	1		1	1	
Roads	1	1		1	1		1	1	
Electricity	4	4		4	4		4	4	
Water	1	1		1	1		1	1	
Sanitation		-			-			-	
Refuse	1	1		1	1		1	1	
Other	15	15		15	15		15	15	
Technicians	75	75	-	75	75	-	75	75	-
Finance	4	4		4	4		4	4	
Spatial/town planning	6	6		6	6		6	6	
Information Technology	2	2		2	2		2	2	
Roads	2	2		2	2		2	2	
Electricity	5	5		5	5		5	5	
Water	4	4		4	4		4	4	
Sanitation	2	2		2	2		2	2	
Refuse	2	2		2	2		2	2	
Other	48	48		48	48		48	48	
Clerks (Clerical and administrative)	99	99		99	99		99	99	
Service and sales workers		-			-			-	
Skilled agricultural and fishery workers		-			-			-	
Craft and related trades		-			-			-	
Plant and Machine Operators		-			-			-	
Elementary Occupations	937	937		937	937		937	937	
TOTAL PERSONNEL NUMBERS	1,228	1,228	-	1,228	1,228	-	1,228	1,228	-
% increase				-	-	-	-	-	-
Total municipal employees headcount									
Finance personnel headcount	123			123	123		123	123	
Human Resources personnel headcount	24			24	24		24	24	

2.9 Monthly targets for revenue, expenditure and cash flow

Table 43 MBRR SA25 - Budgeted monthly revenue and expenditure

GT484 Merafong City - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	18,919	227,028	240,650	255,089
Property rates - penalties & collection charges	31	31	31	31	31	31	31	31	31	31	31	31	374	396	420
Service charges - electricity revenue	23,567	23,567	23,567	23,567	23,567	23,567	23,567	23,567	23,567	23,567	23,567	23,567	282,810	305,434	329,869
Service charges - water revenue	24,290	24,290	24,290	24,290	24,290	24,290	24,290	24,290	24,290	24,290	24,290	24,290	291,482	314,801	339,985
Service charges - sanitation revenue	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	43,408	46,012	48,773
Service charges - refuse revenue	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	59,866	63,458	67,265
Service charges - other	70	70	70	70	70	70	70	70	70	70	70	70	837	887	940
Rental of facilities and equipment	98	98	98	98	98	98	98	98	98	98	98	98	1,172	1,242	1,317
Interest earned - external investments	232	232	232	232	232	232	232	232	232	232	232	232	2,786	2,786	2,953
Interest earned - outstanding debtors	4,557	4,557	4,557	4,557	4,557	4,557	4,557	4,557	4,557	4,557	4,557	4,557	54,681	57,962	61,440
Dividends received													-	-	-
Fines	251	251	251	251	251	251	251	251	251	251	251	251	3,008	3,189	3,380
Licences and permits	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	41,060	43,524	46,135
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	54,500	-	957	5,000	31,215	52,875	3,400	-	52,875	5,700	-	0	206,523	176,945	191,869
Other revenue	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	20,955	22,213	23,545
Gains on disposal of PPE						415						415	830	880	933
Total Revenue (excluding capital transfers and contributions)	140,289	85,789	86,746	90,789	117,004	139,079	89,189	85,789	138,664	91,489	85,789	86,204	1,236,819	1,280,377	1,373,912
Expenditure By Type															
Employee related costs	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	327,675	350,612	375,155
Remuneration of councillors	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	20,983	22,242	23,576
Debt impairment	27,979	27,979	27,979	27,979	27,979	27,979	27,979	27,979	27,979	27,979	27,979	27,979	335,746	360,049	385,994
Depreciation & asset impairment	2,363	2,363	2,363	2,363	2,363	2,363	2,363	2,363	2,363	2,363	2,363	2,363	28,361	28,361	28,361
Finance charges	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	1,033	12,400	12,400	12,400
Bulk purchases	36,682	36,682	36,682	36,682	36,682	36,682	36,682	36,682	36,682	36,682	36,682	36,682	440,188	475,403	513,435
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	68,960	70,339	71,746
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	140,576	122,365	125,302
Loss on disposal of PPE						26						(26)	-	-	-
Total Expenditure	114,574	114,574	114,574	114,574	114,574	114,600	114,574	114,574	114,574	114,574	114,574	114,549	1,374,889	1,441,771	1,535,969
Surplus/(Deficit)	25,715	(28,785)	(27,828)	(23,785)	2,430	24,480	(25,385)	(28,785)	24,090	(23,085)	(28,785)	(28,344)	(138,070)	(161,394)	(162,058)
Transfers recognised - capital	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	143,332	95,300	112,666
Contributions recognised - capital													-	-	-
Contributed assets													-	-	-
Surplus/(Deficit) after capital transfers & contributions	37,659	(16,841)	(15,884)	(11,841)	14,374	36,424	(13,441)	(16,841)	36,034	(11,141)	(16,841)	(16,400)	5,262	(66,094)	(49,392)
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	37,659	(16,841)	(15,884)	(11,841)	14,374	36,424	(13,441)	(16,841)	36,034	(11,141)	(16,841)	(16,400)	5,262	(66,094)	(49,392)

Table 44 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

GT484 Merafong City - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue by Vote															
Municipal Manager	231	231	231	231	231	231	231	231	231	231	231	231	2,769	326	345
Finance	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	357,349	478,141	511,455
Economic Development and Planning	36	36	36	36	36	36	36	36	36	36	36	36	433	442	451
Chief Operating Officer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Infrastructure Development	71,363	71,363	71,363	71,363	71,363	71,363	71,363	71,363	71,363	71,363	71,363	71,363	856,357	767,306	837,527
Community Services	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	11,154	133,850	126,292	133,547
Housing	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	27,137	887	940
Shared Services	188	188	188	188	188	188	188	188	188	188	188	188	2,255	2,282	2,311
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue by Vote	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	1,380,151	1,375,677	1,486,578
Expenditure by Vote to be appropriated															
Municipal Manager	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	6,480	77,763	82,006	86,512
Finance	18,720	12,231	12,231	12,231	12,231	12,231	12,231	12,231	12,231	12,231	12,231	83,607	224,636	248,718	265,417
Economic Development and Planning	989	989	989	989	989	989	989	989	989	989	989	989	11,866	12,645	13,477
Chief Operating Officer	841	841	841	841	841	841	841	841	841	841	841	841	10,096	10,791	11,534
Infrastructure Development	68,751	68,751	68,751	68,751	68,751	68,751	68,751	68,751	68,751	68,751	68,751	68,751	825,013	872,515	929,497
Community Services	16,220	16,220	16,220	16,220	16,220	16,220	16,220	16,220	16,220	16,220	16,220	16,220	194,644	205,401	215,732
Housing	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	32,802	6,934	7,395
Shared Services	6,328	6,328	6,328	6,328	6,328	6,328	6,328	6,328	6,328	6,328	6,328	6,328	75,933	80,626	84,271
Vote 9 - [NAME OF VOTE 9]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 10 - [NAME OF VOTE 10]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	121,063	114,574	114,574	114,574	114,574	114,574	114,574	114,574	114,574	114,574	114,574	185,951	1,452,754	1,519,637	1,613,835
Surplus/(Deficit) before assoc.	(6,050)	438	438	438	438	438	438	438	438	438	438	(70,938)	(72,603)	(143,959)	(127,257)
Taxation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	(6,050)	438	438	438	438	438	438	438	438	438	438	(70,938)	(72,603)	(143,959)	(127,257)

Table 45 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

GT484 Merafong City - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue - Standard															
<i>Governance and administration</i>	30,198	30,198	30,198	30,198	30,198	30,198	30,198	30,198	30,198	30,198	30,198	30,198	362,374	480,749	514,112
Executive and council	231	231	231	231	231	231	231	231	231	231	231	231	2,769	326	345
Budget and treasury office	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	29,779	357,349	478,141	511,455
Corporate services	188	188	188	188	188	188	188	188	188	188	188	188	2,255	2,282	2,311
<i>Community and public safety</i>	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116	85,397	63,416	66,903
Community and social services	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	14,142	15,764	16,391
Sport and recreation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public safety	3,677	3,677	3,677	3,677	3,677	3,677	3,677	3,677	3,677	3,677	3,677	3,676	44,119	46,766	49,572
Housing	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	2,261	27,137	887	940
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,606	151,283	99,241	116,793
Planning and development	12,587	12,587	12,587	12,587	12,587	12,587	12,587	12,587	12,587	12,587	12,587	12,587	151,044	98,988	116,525
Road transport	20	20	20	20	20	20	20	20	20	20	20	19	239	253	268
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>	65,091	65,091	65,091	65,091	65,091	65,091	65,091	65,091	65,091	65,091	65,091	65,091	781,097	732,271	788,770
Electricity	26,604	26,604	26,604	26,604	26,604	26,604	26,604	26,604	26,604	26,604	26,604	26,604	319,247	307,089	331,623
Water	27,915	27,915	27,915	27,915	27,915	27,915	27,915	27,915	27,915	27,915	27,915	27,915	334,980	315,357	340,736
Waste water management	4,273	4,273	4,273	4,273	4,273	4,273	4,273	4,273	4,273	4,273	4,273	4,273	51,279	46,061	48,824
Waste management	6,299	6,299	6,299	6,299	6,299	6,299	6,299	6,299	6,299	6,299	6,299	6,299	75,591	63,765	67,586
<i>Other</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,013	115,012	1,380,151	1,375,677	1,486,578
Expenditure - Standard															
<i>Governance and administration</i>	32,367	25,878	25,878	25,878	25,878	25,878	25,878	25,878	25,878	25,878	25,878	97,254	388,401	422,112	447,703
Executive and council	7,037	7,037	7,037	7,037	7,037	7,037	7,037	7,037	7,037	7,037	7,037	7,037	84,445	89,149	94,150
Budget and treasury office	18,720	12,231	12,231	12,231	12,231	12,231	12,231	12,231	12,231	12,231	12,231	83,607	224,636	248,718	265,417
Corporate services	6,610	6,610	6,610	6,610	6,610	6,610	6,610	6,610	6,610	6,610	6,610	6,610	79,320	84,244	88,137
<i>Community and public safety</i>	14,472	14,472	14,472	14,472	14,472	14,472	14,472	14,472	14,472	14,472	14,472	14,472	173,662	155,945	163,972
Community and social services	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	3,055	36,658	39,781	42,013
Sport and recreation	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,089	2,090	25,073	26,479	27,976
Public safety	6,594	6,594	6,594	6,594	6,594	6,594	6,594	6,594	6,594	6,594	6,594	6,594	79,129	82,751	86,588
Housing	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	32,802	6,934	7,395
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	10,446	10,446	10,446	10,446	10,446	10,446	10,446	10,446	10,446	10,446	10,446	10,446	125,355	131,324	134,619
Planning and development	6,415	6,415	6,415	6,415	6,415	6,415	6,415	6,415	6,415	6,415	6,415	6,415	76,976	82,159	83,291
Road transport	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,032	4,031	48,380	49,164	51,329
Environmental protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>	63,778	63,778	63,778	63,778	63,778	63,778	63,778	63,778	63,778	63,778	63,778	63,778	765,336	810,255	867,539
Electricity	28,506	28,506	28,506	28,506	28,506	28,506	28,506	28,506	28,506	28,506	28,506	28,506	342,076	363,385	390,310
Water	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,866	346,385	366,761	393,706
Waste water management	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	22,985	23,612	24,258
Waste management	4,491	4,491	4,491	4,491	4,491	4,491	4,491	4,491	4,491	4,491	4,491	4,491	53,890	56,498	59,265
<i>Other</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	121,063	114,574	114,574	114,574	114,574	114,574	114,574	114,574	114,574	114,574	114,574	185,950	1,452,754	1,519,637	1,613,835
Surplus/(Deficit) before assoc.	(6,050)	438	438	438	438	438	438	438	438	438	438	(70,938)	(72,603)	(143,959)	(127,257)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	(6,050)	438	438	438	438	438	438	438	438	438	438	(70,938)	(72,603)	(143,959)	(127,257)

Table 46 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

GT484 Merafong City - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated															
Municipal Manager												-	-	-	-
Finance												-	-	-	-
Economic Development and Planning												-	-	-	-
Chief Operating Officer												-	-	-	-
Infrastructure Development												-	-	-	-
Community Services												-	-	-	-
Housing												-	-	-	-
Shared Services												-	-	-	-
Vote 9 - [NAME OF VOTE 9]												-	-	-	-
Vote 10 - [NAME OF VOTE 10]												-	-	-	-
Vote 11 - [NAME OF VOTE 11]												-	-	-	-
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated															
Municipal Manager												-	-	-	-
Finance	122	122	122	122	122	122	122	122	122	122	122	122	1,460	952	937
Economic Development and Planning	219	219	219	219	219	219	219	219	219	219	219	219	2,629	-	-
Chief Operating Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure Development	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	124,075	80,837	91,951
Community Services	1,977	1,977	1,977	1,977	1,977	1,977	1,977	1,977	1,977	1,977	1,977	1,977	23,728	15,000	21,297
Housing												-	-	-	-
Shared Services												-	-	-	-
Vote 9 - [NAME OF VOTE 9]												-	-	-	-
Vote 10 - [NAME OF VOTE 10]												-	-	-	-
Vote 11 - [NAME OF VOTE 11]												-	-	-	-
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Capital single-year expenditure sub-total	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	151,892	96,789	114,185
Total Capital Expenditure	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	151,892	96,789	114,185

Table 47 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

GT484 Merafong City - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard															
<i>Governance and administration</i>	122	122	122	122	122	122	122	122	122	122	122	122	1,460	1,489	1,519
Executive and council													–	–	–
Budget and treasury office	122	122	122	122	122	122	122	122	122	122	122	122	1,460	1,489	1,519
Corporate services													–	–	–
<i>Community and public safety</i>	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	18,728	–	–
Community and social services	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	1,561	18,728	–	–
Sport and recreation													–	–	–
Public safety													–	–	–
Housing													–	–	–
Health													–	–	–
<i>Economic and environmental services</i>	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	4,522	54,260	21,000	21,000
Planning and development	219	219	219	219	219	219	219	219	219	219	219	219	2,629	–	–
Road transport	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	51,631	21,000	21,000
Environmental protection													–	–	–
<i>Trading services</i>	6,454	6,454	6,454	6,454	6,454	6,454	6,454	6,454	6,454	6,454	6,454	6,454	77,444	74,300	91,666
Electricity	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	22,631	19,000	23,000
Water	4,151	4,151	4,151	4,151	4,151	4,151	4,151	4,151	4,151	4,151	4,151	4,151	49,813	20,000	30,000
Waste water management	–	–	–	–	–	–	–	–	–	–	–	–	–	20,300	17,369
Waste management	417	417	417	417	417	417	417	417	417	417	417	417	5,000	15,000	21,297
<i>Other</i>													–	–	–
Total Capital Expenditure - Standard	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	12,658	151,892	96,789	114,185
Funded by:															
National Government	35,330					30,094			30,094			(0)	95,519	95,300	112,666
Provincial Government	21,513					26,300						–	47,813	–	–
District Municipality												–	–	–	–
Other transfers and grants												–	–	–	–
Transfers recognised - capital	56,843	–	–	–	–	56,394	–	–	30,094	–	–	(0)	143,332	95,300	112,666
Public contributions & donations												–	–	–	–
Borrowing	7,100											–	7,100	–	–
Internally generated funds	122	122	122	122	122	122	122	122	122	122	122	122	1,460	1,489	1,519
Total Capital Funding	64,065	122	122	122	122	56,516	122	122	30,216	122	122	122	151,892	96,789	114,185

Table 48 MBRR SA30 - Budgeted monthly cash flow

GT484 Merafong City - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand													1		
Cash Receipts By Source															
Property rates	12,297	12,297	12,297	12,297	12,297	12,297	12,297	12,297	12,297	12,297	12,297	12,297	147,568	156,422	165,808
Property rates - penalties & collection charges	31	31	31	31	31	31	31	31	31	31	31	31	374	396	420
Service charges - electricity revenue	15,387	15,387	15,387	15,387	15,387	15,387	15,387	15,387	15,387	15,387	15,387	15,387	184,648	199,420	215,373
Service charges - water revenue	17,156	17,156	17,156	17,156	17,156	17,156	17,156	17,156	17,156	17,156	17,156	17,156	205,876	204,672	221,046
Service charges - sanitation revenue	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	2,351	28,215	29,908	31,702
Service charges - refuse revenue	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	3,243	38,913	41,247	43,722
Service charges - other	70	70	70	70	70	70	70	70	70	70	70	70	837	887	940
Rental of facilities and equipment	98	98	98	98	98	98	98	98	98	98	98	98	1,172	1,242	1,317
Interest earned - external investments	232	232	232	232	232	232	232	232	232	232	232	232	2,786	2,786	2,953
Interest earned - outstanding debtors	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	1,595	19,138	57,962	61,440
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	251	251	251	251	251	251	251	251	251	251	251	251	3,008	3,189	3,380
Licences and permits	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	41,060	43,524	46,135
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	54,500	-	957	5,000	26,300	52,875	3,400	-	52,875	10,615	-	0	206,523	176,945	191,869
Other revenue	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	20,955	22,213	23,545
Cash Receipts by Source	112,379	57,879	58,836	62,879	84,179	110,754	61,279	57,879	110,754	68,494	57,879	57,879	901,073	940,812	1,009,650
Other Cash Flows by Source															
Transfer receipts - capital	30,094	-	-	-	-	30,094	-	-	30,094	-	-	8,000	98,283	92,508	92,508
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	415	-	-	-	-	-	415	830	880	933
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	142,473	57,879	58,836	62,879	84,179	141,264	61,279	57,879	140,849	68,494	57,879	66,295	1,000,186	1,034,201	1,103,091
Cash Payments by Type															
Employee related costs	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	27,306	327,675	350,612	375,155
Remuneration of councillors	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	20,983	22,242	23,576
Finance charges	1,000	1,000	1,000	1,000	1,000	1,200	1,000	1,000	1,000	1,000	1,000	1,200	12,400	12,400	12,400
Bulk purchases - Electricity	18,174	18,174	18,174	18,174	18,174	18,174	18,174	18,174	18,174	18,174	18,174	21,001	220,916	238,590	257,677
Bulk purchases - Water & Sewer	18,273	18,273	18,273	18,273	18,273	18,273	18,273	18,273	18,273	18,273	18,273	18,273	219,271	236,813	255,758
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	6,171	1,075	68,960	70,339	71,746
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	11,715	140,576	122,365	125,302
Cash Payments by Type	84,388	84,388	84,388	84,388	84,388	84,588	84,388	84,388	84,388	84,388	84,388	82,319	1,010,782	1,053,361	1,121,615
Other Cash Flows/Payments by Type															
Capital assets	14,337	14,337	14,337	14,337	14,337	14,337	14,337	14,337	14,337	14,337	14,337	(5,810)	151,892	95,300	112,666
Repayment of borrowing	74	74	2,396	74	74	1,558	74	74	2,396	74	74	1,559	8,503	8,503	8,503
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	98,798	98,798	101,120	98,798	98,798	100,482	98,798	98,798	101,120	98,798	98,798	78,067	1,171,176	1,157,164	1,242,783
NET INCREASE/(DECREASE) IN CASH HELD	43,675	(40,919)	(42,284)	(35,919)	(14,619)	40,782	(37,519)	(40,919)	39,728	(30,304)	(40,919)	(11,773)	(170,990)	(122,963)	(139,692)
Cash/cash equivalents at the month/year begin:	(69,787)	(26,111)	(67,030)	(109,315)	(145,234)	(159,853)	(119,071)	(156,590)	(197,509)	(157,781)	(188,085)	(229,004)	(69,787)	(240,777)	(363,740)
Cash/cash equivalents at the month/year end:	(26,111)	(67,030)	(109,315)	(145,234)	(159,853)	(119,071)	(156,590)	(197,509)	(157,781)	(188,085)	(229,004)	(240,777)	(240,777)	(363,740)	(503,432)

2.10 Contracts having future budgetary implications

In terms of Councils Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 49 MBRR SA 34a - Capital expenditure on new assets by asset class

GT484 Merafong City - Supporting Table SA34a Capital expenditure on new assets by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	160,807	152,447	182,089	43,808	194,563	146,450	129,075	95,300	112,666
Infrastructure - Road transport	67,824	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Roads, Pavements & Bridges	67,824	97,182	152,902	15,808	123,735	97,435	51,631	21,000	21,000
Storm water									
Infrastructure - Electricity	24,221	23,873	19,079	23,000	43,300	43,300	22,631	19,000	23,000
Generation									
Transmission & Reticulation	24,221	23,873	16,995	15,000	40,300	40,300	22,100	16,000	20,000
Street Lighting			2,084	8,000	3,000	3,000	531	3,000	3,000
Infrastructure - Water	55,616	31,392	7,735	5,000	27,529	5,716	49,813	30,300	37,369
Dams & Reservoirs							20,000	20,000	30,000
Water purification	55,616								
Reticulation		31,392	7,735	5,000	27,529	5,716	29,813	10,300	7,369
Infrastructure - Sanitation	13,146	-	1,274	-	-	-	-	10,000	10,000
Reticulation	13,146						-	10,000	10,000
Sewerage purification			1,274						
Infrastructure - Other	-	-	1,099	-	-	-	5,000	15,000	21,297
Waste Management			1,099				5,000	15,000	21,297
Transportation									
Gas									
Other									
Community	11,156	22,470	9,642	-	-	-	21,357	-	-
Parks & gardens									
Sportsfields & stadia		21,390							
Swimming pools									
Community halls			1,162				18,728		
Libraries									
Recreational facilities			2,246						
Fire, safety & emergency	11,156								
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other		1,079	6,234				2,629		
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	22,829	6,227	5,729	32,200	21,650	21,650	1,460	1,489	1,519
General vehicles	45								
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	383	1,583	2,540		2,550	2,550			
Computers - hardware/equipment	860		835						
Furniture and other office equipment	2,252	1,404					965	952	937
Abattoirs									
Markets									
Civic Land and Buildings	9,236	251							
Other Buildings	4,859			32,200	19,100	19,100			
Other Land	5,194	2,989							
Surplus Assets - (Investment or Inventory)									
Other			2,353				495	537	582
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	270	2,192	-	-	-	-	-	-
Computers - software & programming		270	2,192						
Other (list sub-class)									
Total Capital Expenditure on new assets	194,792	181,413	199,652	76,008	216,213	168,100	151,892	96,789	114,185

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

GT484 Merafong City - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	22,539	54,267	25,309	15,825	8,688	8,688	17,998	18,594	19,338
Infrastructure - Road transport	11,132	32,475	13,100	3,282	703	703	1,456	1,515	1,575
Roads, Pavements & Bridges	11,132	32,475	13,100	3,282	703	703	1,456	1,515	1,575
Storm water									
Infrastructure - Electricity	3,384	4,375	2,258	2,704	1,725	1,725	3,572	3,715	3,864
Generation									
Transmission & Reticulation	3,384	4,375	2,258	2,704	1,725	1,725	3,572	3,715	3,864
Street Lighting									
Infrastructure - Water	2,523	3,779	2,715	3,802	3,758	3,758	7,784	7,972	8,290
Dams & Reservoirs									
Water purification									
Reticulation	2,523	3,779	2,715	3,802	3,758	3,758	7,784	7,972	8,290
Infrastructure - Sanitation	4,904	11,878	6,140	6,037	2,503	2,503	5,185	5,393	5,608
Reticulation		7,360	1,287	2,592					
Sewerage purification	4,904	4,517	4,852	3,445	2,503	2,503	5,185	5,393	5,608
Infrastructure - Other	595	1,761	1,096	-	-	-	-	-	-
Waste Management	595	1,761	1,096						
Transportation									
Gas									
Other									
Community	4,445	887	1,205	2,615	475	475	1,295	1,347	1,400
Parks & gardens			77	531	27	27	56	58	60
Sportsfields & stadia	3,267			56					
Swimming pools									
Community halls									
Libraries	35	49	7	37	15	15	31	32	34
Recreational facilities		838	90	1,658	80	80	166	172	179
Fire, safety & emergency			901	320	353	353	731	761	791
Security and policing	1,143								
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries				13	-	-	-	-	-
Social rental housing			129				311	323	336
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	15,295	23,483	3,565	7,760	10,795	10,795	6,982	6,845	6,568
General vehicles	9,056								
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	1,656								
Computers - hardware/equipment			836						
Furniture and other office equipment	44			2,550	1,000	1,000	965	952	937
Abattoirs									
Markets									
Civic Land and Buildings	4,538		2,728						
Other Buildings		23,483		5,210	9,795	9,795	6,017	5,892	5,630
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	725	754	784
Computers - software & programming							725	754	784
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	42,279	78,637	30,079	26,200	19,958	19,958	27,000	27,540	28,090
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	1.5%	2.7%	1.0%	0.9%	0.6%	0.6%	0.9%	0.9%	0.9%
R&M as % Operating Expenditure	3.9%	6.4%	2.3%	2.4%	1.5%	1.5%	2.1%	2.0%	1.9%

Table 51 MBRR SA36 - Detailed capital budget per municipal vote

GT484 Merafong City - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand			2	6	3	3	5								
Parent municipality: List all capital projects grouped by Municipal Vote															
Infrastructure Assets	Khutsong Roads and Stormwater		A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		28,737			14,737	7,000	7,000		new
Infrastructure Assets	Kokosi Roads and Stormwater		A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		20,227			6,227	7,000	7,000		new
Infrastructure Assets	Wedela Ext 3 Roads and Stormwater		A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		18,667			4,667	7,000	7,000		new
Infrastructure Assets	Street lights Merafong (Phase 3)		A	Yes	Infrastructure - Electricity	Street Lighting		6,531			531	3,000	3,000		new
Infrastructure Assets	Khutsong Spouth Electrification		A	Yes	Infrastructure - Electricity	Transmission & Reticulation		29,000			13,000	16,000			new
Infrastructure Assets	Kokosi Extension 99 Electrification		A	Yes	Infrastructure - Electricity	Transmission & Reticulation		2,000			2,000				new
Infrastructure Assets	Kokosi Extension 6 Electrification		A	Yes	Infrastructure - Electricity	Transmission & Reticulation		20,000					20,000		new
Infrastructure Assets	Sludge Drying Beds Kokosi/Khutsong		A	Yes	Infrastructure - Sanitation	Sewerage purification		17,669				10,300	7,369		new
Infrastructure Assets	Replacement of Khutsong Reservoir		A	Yes	Infrastructure - Water	Dams & Reservoirs		70,000			20,000	20,000	30,000		new
Community Assets	Construction Of Carletonville Waste Management		A	Yes	Infrastructure - Other	Other Buildings		41,297			5,000	15,000	21,297		new
Community Assets	Informal Trading Area - Carletonville (Phase 2)		C	Yes	Community	Civic Land and Buildings		2,629			2,629				new
Community Assets	Khutsong Multi-Purpose Community Centre		A	Yes	Community	Civic Land and Buildings		18,728			18,728				new
Infrastructure Assets	Khutsong North water and Sewer Reticulation		A	Yes	Infrastructure - Water	Water purification		20,000				10,000	10,000		new
Infrastructure Assets	Khutsong South Construction OF Road over rail		A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		26,000			26,000				new
Infrastructure Assets	Main Substation Upgrade Fochville		A	Yes	Infrastructure - Electricity	Transmission & Reticulation		7,100			7,100				new
Infrastructure Assets	Relocation of midblock water pipelines Kokosi		A	Yes	Infrastructure - Water	Reticulation		8,000			8,000				new
Infrastructure Assets	Internal Services Khutsong Ext 5		A	Yes	Infrastructure - Water	Reticulation		21,813			21,813				new
Parent Capital expenditure											150,432	95,300	112,666		

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.
- Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
- Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
- Audit Committee
An Audit Committee has been established and is fully functional.
- Service Delivery and Implementation Plan
The detail SDBIP document will be tabled together with the annual budget
- Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.1.3 Resolutions

1. The Council of Merafong City Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) resolves that:
 - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position
 - 1.2.2. Budgeted Cash Flows
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation
 - 1.2.4. Asset management
 - 1.2.5. Basic Service Delivery measurements.
2. The Council of Merafong City Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) resolves that with effect from 1 July 2016:
 - 2.1. the tariffs for property rates – Detailed below
 - 2.2. the tariffs for electricity – Detailed below
 - 2.3. the tariffs for the supply of water – Detailed below
 - 2.4. the tariffs for sanitation services – Detailed below
 - 2.5. the tariffs for solid waste services – Detailed below

3. The Council of Merafong City Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) resolve that with affect from 1 July 2016 the tariffs for other services, as contained in the Tariff Policy.
4. To give proper effect to the municipality's annual budget, the Council of Merafong City Local Municipality considers:
 - 4.1. That the deficit of R138 Million will be funded from the accumulated surplus but is not cash backed
5. That the annual Operating Revenue budget of R1.236.8 Million and Operating Expenditure budget of R1.374.9 Million including Operational Transfers and excluding capital transfers for the 2016/2017 Financial Year be approved, which will result in a deficit of R138. Million. That the deficit be funded from accumulated surplus.
6. That the annual Capital Budget of R151.9 Million Including capital transfers for the 2016/2017 Financial Year be approved.
7. That the following be approved in respect of Assessment Rates and the charge to be as follows:
 - a) The property rates are to be levied in accordance with Council policies, unless otherwise indicated, and the Local Government Municipal Property Rates Act 2004 and the Local Government Municipal Finance Management Act 2003.
 - b) Property rates are based on values indicated in the new General Valuation Roll. The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the roll, being July 2012.
 - c) Rebates and concessions are granted to certain categories of property usage or property owner.
 - d) The definitions and listing of categories are reflected in the Rates Policy.
 - e) Industrial / Commercial Properties – Undeveloped Land

All properties other than those defined below as residential will be rated as “non-residential” properties. This includes all undeveloped land. The cent-in-the-rand for all “non-residential” properties for 2016 / 2017 is proposed to be R 0,0312.

f) Residential Properties

For all residential properties, as defined per the Rates Policy, the first R 65 000 of property value will be rebated by an amount equal to the rates payable on a property of R 65 000 in value.

All residential properties, as defined per the Rates Policy, will be levied a rate which is rebated by 10%. The cent in the rand for 2016 / 2017 is proposed to be R 0, 013c

g) Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories:

- (a) Those used for residential purposes;
- (b) Those used for industrial purposes;
- (c) Those used for other businesses and commercial purposes

Properties in rural areas deemed to be small holdings or farms that are not used for *bona fide* farming, but are used as residential properties will be categorized as “residential”, provided that they meet the definition of a residential property as described in the Rates Policy. Such properties will qualify for the rebate of the first R 65 000 of municipal value as per the General Valuation Roll and the “rebated” cent-in-the-rand. The cent-in-the-rand for agricultural properties or small holdings that qualify for residential status is proposed to be R 0, 013c

Properties in rural areas deemed to be small holdings or farms that are not used for bona fide farming, but are used for industrial or business purposes will be categorized as “business”. The cent-in-the-rand for agricultural properties or small holdings that qualify for business status is proposed to be R 0, 0312c

Properties in rural areas deemed to be small holdings or farms that are used for bona fide farming, will be categorized as “agricultural”. The cent-in-the-rand for agricultural properties or small holdings that qualify for agricultural status is proposed to be R 0, 00325c

Public Service Infrastructure

In terms of the Municipal Property Rates Act, Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the non-residential cent-in-the-rand of R 0, 00325c

h) Mines

All Mine properties, as defined per the Rates Policy, will be levied a rate. The cent in the rand for 2016 / 2017 is proposed to be R 0, 039c

i) Senior Citizens and Disabled Persons Rate Rebate

Registered owners of properties who are senior citizens and/or registered owners of properties who are disabled persons qualify for special rebates according to gross monthly household income. To qualify for the rebate(s) a property owner must be a natural person and the owner of a property which satisfies the requirements for the residential rebate and must on the 1 July of the financial year:

- I. occupy the property as his/her normal residence and
- II. be at least 60 years of age or in receipt of a disability pension from the Department of Social Development and
- III. be in receipt of a total monthly income from all sources (including income of spouses of owners)
- IV. not be the owner of more than one property and
- V. submit the application by 30 September for this rebate for the current financial year, failing which the rebate will not be granted.

The percentage rebate granted to different monthly household income levels will be determined according to the schedule below.

The proposed incomes and rebates for the 2016 / 2017 financial year as follows:

Gross Annual Household Income 2016/2017	% Rebate
R 1 To R 72 000	100%
R 72 001 to R 76 000	75%
R 76 001 to R 80 000	50%
R 80 001 to R 84 000	25%
R 84 001 and above	0%

j) Rebates for Certain Categories of Properties / Property Users

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

- k) The Budget for 2016 / 2017 has been balanced using the estimated income from levying the rates proposed in this report.
- l) Provision has been made in the Budget for 2016 / 2017 for the income forgone arising from the rebates and concessions proposed in this report as detailed in the Rates Policy.
- m) that in terms of Section 26(1) of the Municipal Property Rates Act, the payment of any amount owed emanating from the levy of rates as determined on 1 July 2016 is payable before or on 7 August 2016 and thereafter monthly before or on the date due as determined in (i) below: with the provision that the date(s) for payment of assessment rates with regard to owners mentioned in (ii) below shall be determined as follows:

As regards one half, on 7 October 2016

as regards the balance, on 7 April 2016;

- (i) that the payment shall be as follows:

Other:

7 August 2015
 8 September 2015
 7 October 2015
 7 November 2015
 8 December 2015
 7 January 2016
 9 February 2016
 9 March 2016
 7 April 2016
 7 May 2016
 8 June 2016
 7 July 2016

Pensioners:

15 August 2016
 15 September 2016
 15 October 2016
 17 November 2016
 15 December 2016
 15 January 2017
 16 February 2017
 16 March 2017
 15 April 2017
 15 May 2017
 15 June 2017
 15 July 2017

(ii) that the following Mines as well as the responsible state institution may pay in accordance with (n) :

Mines**State Institutions**

Blyvooruitzicht

Gauteng Government

Deelkraal

Dept. Justice

Doornfontein

S.A. Police Services

Elandsrand

Dept. of Land

Driefontein

Dept. Community Development

Western Deep Levels

- 8 that interest be levied at the rate as determined from time to time by the Premier in terms of Section 50(A) of the Local Government Ordinance, 1939, (Ordinance 17 of 1939) which has been determined at prime rate with effect from 1 December 1997 by the Department of Finance on all arrear charges, rates and levies from the day following the due dates as determined in (ii) (d) and (ii) (e) above;

- 9 That the following electricity tariffs be approved in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Electricity of the Merafong City Local Municipality, provided that the tariffs are approved by the National Electricity Regulator.

Tariff Category		Current	Proposed	% change
1. Domestic				
Basic Charge		64.70	69.85	7.97%
Energy Charge	Block 1 (0 - 50kWh)	0.79	0.85	7.64%
	Block 2 (51 - 350kWh)	1.00	1.08	7.64%
	Block 3 (351 - 600kWh)	1.41	1.52	7.64%
	Block 4 (above 600kWh)	1.66	1.80	8.43%
2. Commercial				
Basic Charge		738.97	798.10	8.00%
Energy Charge		1.38	1.49	8.00%
*Pre-Paid		1.38	1.49	8.00%
3. Industrial				
Basic Charge		1072.60	1158.40	8.00%
Energy Charge		0.82	0.89	8.00%
Demand Charge		195.00	210.60	8.00%
3. Industrial -3%				
Basic Charge		1072.60	1158.40	8.00%
Energy Charge - 3 %		0.82	0.89	8.00%
Demand Charge -3%		195.00	210.60	8.00%
Temporary Power		1.47	1.58	8.00%
Streetlights		1.10	1.19	8.00%
Council kWh		0.77	0.83	8.00%
2% Surcharge				

10. that the following Water Tariff be approved and the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Water of the Merafong City Local Municipality.

		<u>2015-2016</u>	<u>2016-2017</u>	<u>Percentage increase</u>
Residential 0 – 15 kiloliters		9.20	10.30	12.00%
Residential 16-35 kiloliters		12.50	14.00	12.00%
Residential 36-50 kiloliters		18.10	20.30	12.15%
Residential 50 kiloliters and above		20.65	23.15	12.11%
			0.00	
Business and Industrial	200 Kiloliters and below	20.25	22.70	12.10%
	Above 200 Kiloliters	22.00	24.65	12.05%
			0.00	
Special Consumers (Schools, Churches and welfare organisations)	200 Kiloliters and below	15.30	17.15	12.09%
	Above 200 Kiloliters	17.20	19.25	11.92%
			0.00	
Departmental		13.50	15.10	11.85%
			0.00	
			0.00	
Mines Domestic		13.30	14.90	12.00%
Mines Operations		13.30	14.90	12.00%
			0.00	
Availability Charge	Vacant Stands - Residential	52.00	58.25	12.02%
Availability Charge	Vacant stands-business	52.00	58.25	12.02%

- 11 that the following Refuse Removal Tariff be approved and the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Cleaning Services of the Merafong City Local Municipality:

CLEANSING: (PLUS V.A.T.):

		<u>Proposed 2015/2016</u>	<u>Proposed 2016/2017</u>	<u>% Increase</u>
Residential and Business	1 bin/week	130.00	140.00	7.69%
Business	Bin/3 x week	332.00	365.00	10.00%
Business	Bin/5 x week	560.00	615.00	9.82%
MMH (1.75M³) 1x per week		1,610.00	1,770.00	9.94%
MMH (1.75M³) 2x per week		2,785.00	3,065.00	10.05%
MMH (1.75M³) 3x per week		3,960.00	4,355.00	9.97%
MMH (1.75M³) 5x per week		7,170.00	7,885.00	9.97%
Bulk container (30M³) 1x per week		22,685.00	24,950.00	9.98%
Bulk container (30M³) 2x per week		34,560.00	38,015.00	10.00%
Bulk container (30M³) 3x per week		62,381.00	68,620.00	10.00%
Bulk container (30M³) 5x per week		101,650.00	111,815.00	10.00%
Temporary service	Per Bin	60.00	66.00	10.00%
Bulky waste	Per m³	280.00	310.00	10.71%
Special Exemption	Per m³	140.00	155.00	10.71%
Garden services waste	LDV/Trailer	38.00	45.00	18.42%
Small Animal Carcasses		110.00	120.00	9.09%
Bulky garden waste	1m³ - 3m³	268.00	295.00	10.00%
Bulky garden waste	3m³ and above	535.00	590.00	10.28%
Building rubble	per m³	280.00	310.00	10.71%

240 Liter Bins	Per Month for twelve months	22.00	24.00	11.63%
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- 12 And that the following Sewerage Tariff be approved and that the tariffs be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000) as the Tariff of Charges: Drainage Services of the Merafong City Local Municipality:

		<u>2015-2016</u>	<u>Proposed 2016/2017</u>	<u>% Increase</u>
Residential 0 – 15 kiloliters		4.35	4.70	8.05%
Residential 16-35 kiloliters		4.40	4.75	7.95%
Residential 36-50 kiloliters		4.45	4.80	7.87%
Max 50KL		0.00		
Business and Industrial	200 Kiloliters and below	4.45	4.80	7.87%
	Above 200 Kiloliters	4.95	5.35	8.08%
Special Consumers (Schools, Churches Welfare organisations and consumers as approved by council)	200 Kiloliters and below	4.35	4.70	8.05%
	Above 200 Kiloliters	4.45	4.80	7.87%
Basic Charge (Payable by property owner)		25.00	26.90	7.60%
Basic Charge - Vacant Stands (Availability charge		55.00	59.15	7.55%

- 13 That Council approves the amendments to the Tariff Policy.
- 14 That Council approves the amendments to the Rating Policy.
- 15 That Council approves the amendments to the budget related policies of Council.
- 16 That council approves the miscellaneous tariffs as included in the tariff policy as well as the various finance by-laws and that the tariffs and by-laws be promulgated in terms of Sections 4 and 11(3) of the Municipal Systems Act, 2000 (Act 32 of 2000).
- 17 That in the event that NERSA tariff approval differs from the tariffs approved by council that the NERSA tariffs be implemented.

2.1.4 Municipal manager's quality certificate

I Langa Reginald Thibini Acting Municipal Manager of Merafong City Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Merafong City Local Municipality (GT484)

Signature _____

Date _____